COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2017

Prepared by:

Business Services Department

City of Mansfield, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

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1200 E. Broad Street
Mansfield, Texas 76063
817-276-4200

February 7, 2018

To the Honorable Mayor,
Members of City Council, and
Citizens of the City of Mansfield, Texas

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Mansfield, Texas (the City) for the fiscal year ended September 30, 2017.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by KPMG, LLP, a firm of licensed certified public accountants. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2017 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated in 1890, is located in the southeastern portion of Tarrant County, with small areas of the City extending into Johnson and Ellis counties, and is considered to be one of the top growth areas in the Dallas/Fort Worth Metropolitan Area (Metroplex). The City currently occupies a land area of 36.69 square miles and serves an approximate population of 68,784. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City is a home rule-city and operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City's manager. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a nonpartisan, at-large basis. Council members serve three-year staggered terms so that at least two members are elected every year. The Mayor and each Council member, unless sooner removed under the provisions of the City Charter, hold office until a qualified successor is elected. Regular terms of office commence at the beginning of the first regular meeting of the Council in May or following the final election as provided in Section 4.05 (Charter Amendment of August 11, 1979).

This report includes all funds of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets, traffic engineering, and infrastructure; planning and zoning; general administrative services; water treatment and distribution; sewer service; drainage enhancements and improvements; and recreational and cultural activities. In addition to general government activities, the Mansfield Park Facilities Development Corporation and the Mansfield Economic Development Corporation are required to be included in the City's reporting entity. For additional information, see note I.A. of the notes to financial statements.

The annual budget serves as the foundation for the City's financial planning, financial policies, and financial control. All agencies of the City are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review prior to September 1. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 15. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). However, the statutory authority or legal level of control for the authority of annual expenditures is appropriated at the fund level by the City Council. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council, if requested by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 86 as part of the required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the combining and individual fund statements and schedules section, which starts on page 89.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

The City currently enjoys a favorable economic environment and local indicators point to continued stability even though the national economy has been recovering from the great economic recession over the past several years. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. The current unemployment is well below the national average.

Industry

Mansfield has a large industrial area within the City with rail service and adequate water storage to meet fire protection and other demands. The City is not financially dependent upon any one industry or type of industry. See page 110 in the Statistical Section for further information on principal taxpayers. The City recognizes the value of industry to its economic base and continues to seek industry that will be beneficial to the City. Beginning in fiscal year (FY) 1997, the Mansfield Economic Development Corporation, funded by a 1/2 cent sales tax, provides funds for economic development, including financial incentives, infrastructure needs, and tax relief through the City in the recruitment and retention of industry. Recent accomplishments in locating major businesses such as Methodist Hospital and Kline Tools are indicative of the accomplishments of the economic development program.

Transportation

The City is traversed east and west by U.S. Highway 287, and north and south by State Highway 360. The City has direct access to Interstate Highway 20 and Interstate Highway 30. Railroad freight service is provided by Union Pacific Railroad. The City is located approximately 30 miles south of the Dallas/Fort Worth International Airport.

Education

The City is served by the Mansfield Independent School District. The City has five high schools (Grades 9 to 12), six middle schools (Grades 7 and 8), six intermediate schools (Grades 5 and 6), and 23 elementary schools (Grades K - 4). Enrollment for the 2016/2017 school year was approximately 33,809. The District maintains a pupil–teacher ratio of 22:1 for elementary, a 27:1 ratio for intermediate, and a 28:1 for secondary education and career tech center. Colleges within close proximity to the City are Tarrant and Dallas County Junior Colleges, Southern Methodist University, Dallas Baptist University, University of Dallas, University of North Texas, Texas Women's University, University of Texas at Dallas, University of Texas at Arlington, and Texas Christian University, all of which are well known for their educational standards.

Medical Services

Full service medical service is provided by Methodist Health System, and limited-service care is provided by Vencor Hospital and Cook Children's Clinic. Other full-service hospitals in the immediate area include Medical Center of Arlington, Arlington Memorial Hospital, Hughley Memorial Medical Center, Harris Methodist Hospital, Cook Children's, and John Peter Smith Hospital.

Area Economic Condition

Mansfield, located in the Dallas/Fort Worth Metroplex, and included as one of the 13 cities that comprise the Mid-Cities, continues to grow and develop. The overall outlook for Mansfield in the future is positive. The City is traversed by State Highway 360 and U.S. Highway 287.

The major benefits to the City of State Highway 360 are as follows: direct north and south access to the Dallas/Fort Worth International Airport in 20 minutes; the potential of expanding the City's

commercial/industrial and residential developments along the corridor of State Highway 360, as well as the numerous industrial parks located within the close proximity of State Highway 360 and U.S. Highway 287 intersection.

Over the past several years, the City and the local economy have experienced increasing property values and sales tax revenues. Current real estate values are trending upward, and the City is continuing to experience positive growth in residential, industrial, and commercial properties.

Long-Term Financial Planning

The City of Mansfield, Texas has a long-term financial plan that includes ten years of projected financial data. The plan is intended to guide management in the daily decisions of managing the City's business matters and long-term capital projects. The plan assembles the visions of City Council, Management and City Staff, into a working plan that allows the vision of the City to be implemented over the course of time. The plan includes variables that allow for current and projected economic factors including:

- Review population growth projections
- Identify potential high-growth areas
- Specify major infrastructure improvements
- Analyze the financial impact of the improvements
- Comprehensive planning documents, Land Use Plan, Thoroughfare Plan, Water & Sewer master plan

The Council adopted the plan in November 2000, and it has been revised, modified, and amended since the original adoption of the plan.

Awards and Acknowledgments

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the 30th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2016. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Clayton W. Chandler
City Manager

Peter K. Phillis, CPA
Deputy City Manager

Troy M. Lestina
Assistant Director of Business Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mansfield

Texas

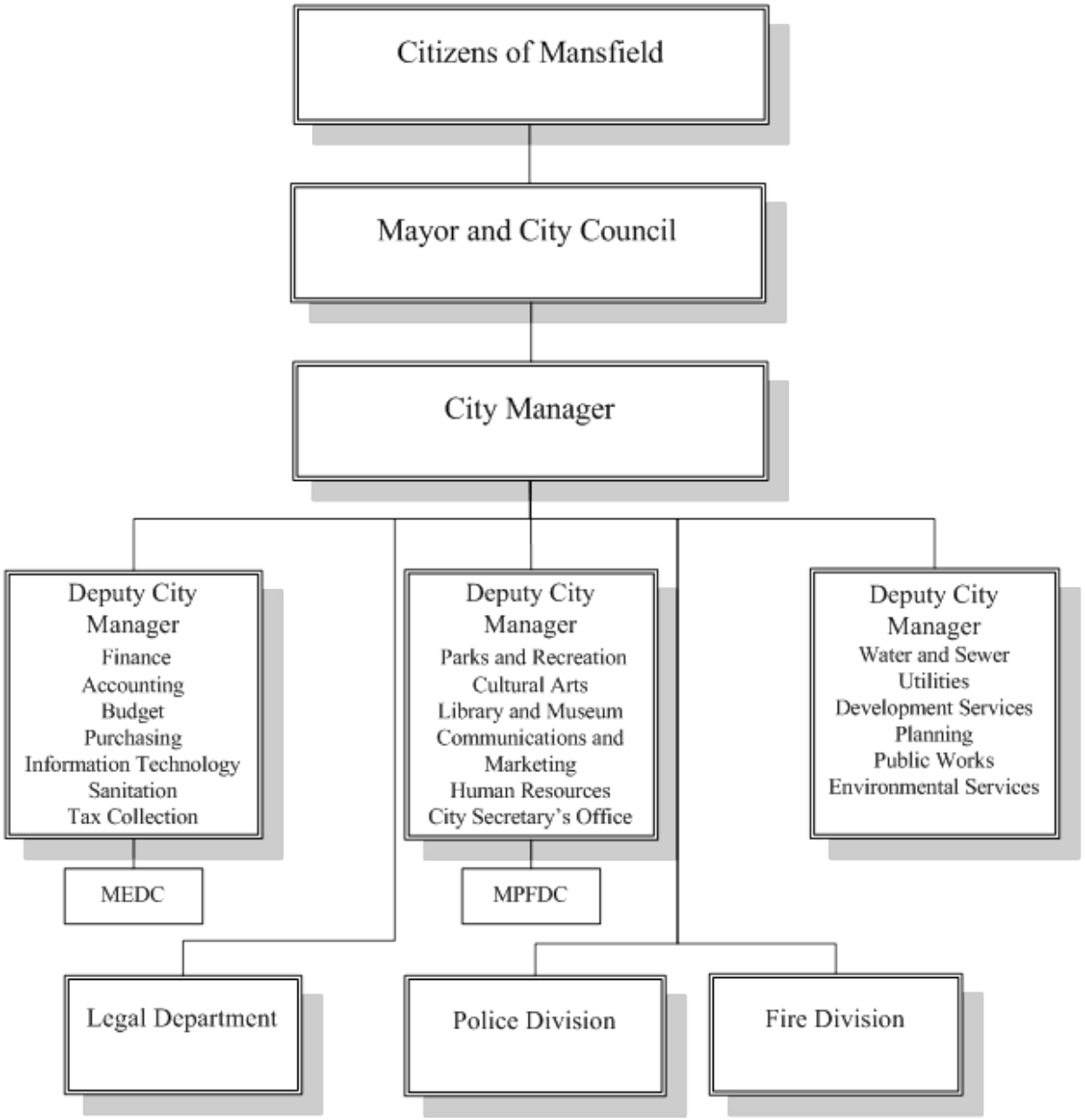
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

City of Mansfield, Texas Organizational Chart



CITY OF MANSFIELD, TEXAS

PRINCIPAL OFFICERS

SEPTEMBER 30, 2017

MAYOR

David Cook

MAYOR PRO TEM

Cory Hoffman

CITY COUNCIL

Stephen Lindsey
Darryl Haynes
Larry Broseh
Brent Newsom
Terry Moore

CITY MANAGER

Clayton W. Chandler

DEPUTY CITY MANAGER

Peter K. Phillis, CPA

ASSISTANT FINANCE DIRECTOR

Troy Lestina

KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2721

Independent Auditors' Report

The Honorable Mayor and Members of the City Council
City of Mansfield, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements and schedules, capital assets used in the operation of governmental funds schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and capital assets used in the operation of governmental funds schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and capital assets used in the operation of governmental funds schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
February 7, 2018

MANSFIELD
TEXAS

Management's Discussion and Analysis

As management of the City of Mansfield, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The City's net position or assets and deferred outflows less its liabilities and deferred inflows at the close of the City's fiscal year is approximately $453 million. Of this amount, approximately $25 million may be used to meet the government's ongoing obligations to its citizens and creditors.

- The City recognized approximately $132 million in revenue from various sources of taxes, services, and capital contributions and recognized approximately $118 million in expenses in servicing the City's governmental and business enterprises.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of approximately $50 million. Approximately 29% of this $50 million is available for spending at the City's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately $14 million or 29% of total general fund expenditures.

- The City's total debt obligations increased by $28.5 million (14.29%) during the current fiscal year. This is from approximately $44 million in new bond proceeds offset by $16 million in scheduled principal payments and payments to escrow agents during the year. The key factors affecting the City's debt position are as follows:

  Certificates of Obligation of $2.960 million for the purpose of constructing a public recreational facility.

  Certificates of Obligation of $18.975 million for the purpose of street improvements and other public purposes.

  Sales Tax Revenue Improvement Bonds of $8.295 million for the purpose of constructing a public recreational facility.

  Sales Tax Revenue Improvement Bonds of $14.125 million for the purpose of street improvements and other public purposes.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on the City's assets less liabilities as the City's net financial position, or remaining net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include a Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Mansfield Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Mansfield Parks Facilities Development Corporation, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government. The City has two Tax Increment Financing Reinvestment Zones (TIRZs), both legally separate entities, which are geographically defined regions within the City limits established by the City. The purpose of the reinvestment zone is to pay for the public's infrastructure to be owned by the City within the region. The TIRZs are an integral part of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the street construction fund, the building

construction fund, and the TIRZ Fund Number 1, all of which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The City maintains three different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Law Enforcement Center Fund, and the Drainage Utility Fund, all of which are considered to be major funds of the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The City adopts an annual appropriated budget for its general fund and both debt service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $453,128,857 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (84.48%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other	$ 61,369,005	$ 63,421,274	$ 45,118,590	$ 42,538,167	$106,487,595	$105,959,441
Capital	403,539,846	375,296,952	191,690,019	187,830,884	595,229,865	563,127,836
Total assets	464,908,851	438,718,226	236,808,609	230,369,051	701,717,460	669,087,277
Deferred outflows:	11,023,885	11,184,974	6,003,796	6,177,511	17,027,681	17,362,485
Liabilities:						
Long-Term	192,759,078	170,608,050	58,750,646	62,535,164	251,509,724	233,143,214
Other	8,494,700	8,429,572	3,629,019	3,473,033	12,123,719	11,902,605
Total liabilities	201,253,778	179,037,622	62,379,665	66,008,197	263,633,443	245,045,819
Deferred inflows:	1,841,202	1,913,734	141,639	150,128	1,982,841	2,063,862
Net investment in capital assets	238,473,191	230,899,534	144,312,984	135,635,329	382,786,175	366,534,863
Restricted	32,960,033	36,146,479	12,841,972	16,503,493	45,802,005	52,649,972
Unrestricted	1,404,532	1,905,831	23,136,145	18,249,415	24,540,677	20,155,246
Total net position	$272,837,756	$268,951,844	$180,291,101	$170,388,237	$453,128,857	$439,340,081

As of September 30, 2017, a portion of the City's net position, $45,802,005 or 10.11% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $24,540,677, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

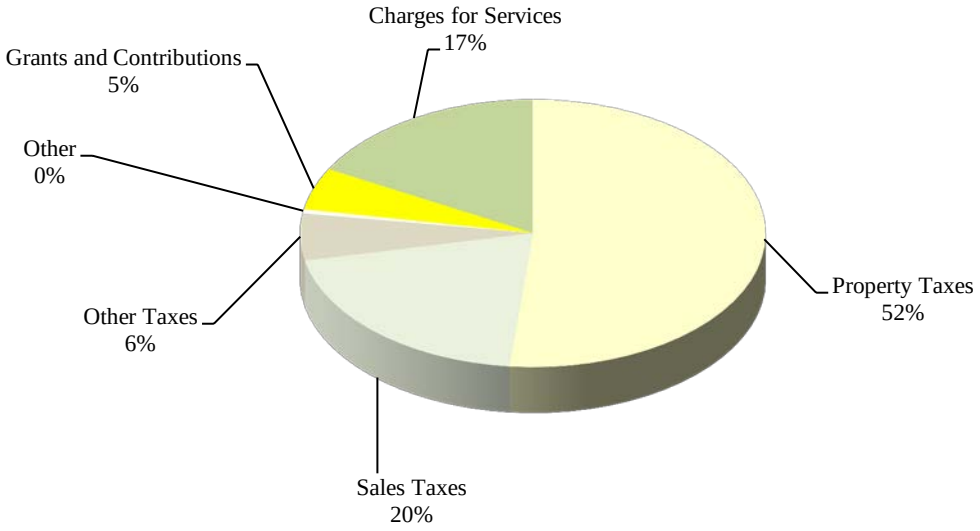
City's Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2017	2016	2017	2016	2017	2016
Beg - Net Position	$268,951,844	$257,332,166	$170,388,237	$158,464,808	$439,340,081	$415,796,974
Revenues	$80,686,184	$83,420,271	$50,969,959	$49,992,976	$131,656,143	$133,413,247
Expenses	78,360,384	72,523,781	39,745,433	37,346,359	118,105,817	109,870,140
Transfers, net	1,560,112	723,188	(1,321,662)	(723,188)	238,450	-
Net Change in Position	3,885,912	11,619,678	9,902,864	11,923,429	13,788,776	23,543,107
End - Net Position	$272,837,756	$268,951,844	$180,291,101	$170,388,237	$453,128,857	$439,340,081

Governmental Activities

City governmental activity revenue for fiscal year 2017 decreased $2.7 million from fiscal 2016. Revenues in fiscal year 2016 were $83.4 million compared to this fiscal year revenue of $80.7 million. The decreases were related to a reduction in capital grants and contributions which were offset by increases that came from new property taxes from new development, sales taxes and better than expected collections from other revenues. Most of these increases were modest increases over prior year and primarily related to the improvements in the overall economy and the growth in the City's property improvements from the fiscal year ended 2016.

Governmental Activities - Revenues by Source for fiscal year ending 2017



Expenses in fiscal year 2017 compared to expenses in fiscal year 2016 increased by 8.05% or $5.8 million. The demand for services increased expenditures in fiscal 2017 compared to prior year. The increases: legal services, infrastructure costs and public safety have been a priority of the administration in recent years. The increases occurred in public safety primarily due to added new personnel and this department represents the greatest number of employees working for the City. The increase in public works was related to additional expenses for aging streets.

The public works program of the City spends most of its money on street improvements, which are recognized over the course of time through depreciation expense after the improvements have been capitalized. In fiscal 2017, the City recognized $11.09 million in depreciation expense for street-related assets. Street improvements are expected to last twenty-five years with the appropriate level of maintenance and repair. This year, the City spent over $2.9 million in maintenance and repairs on its 590 plus miles of linear streets.

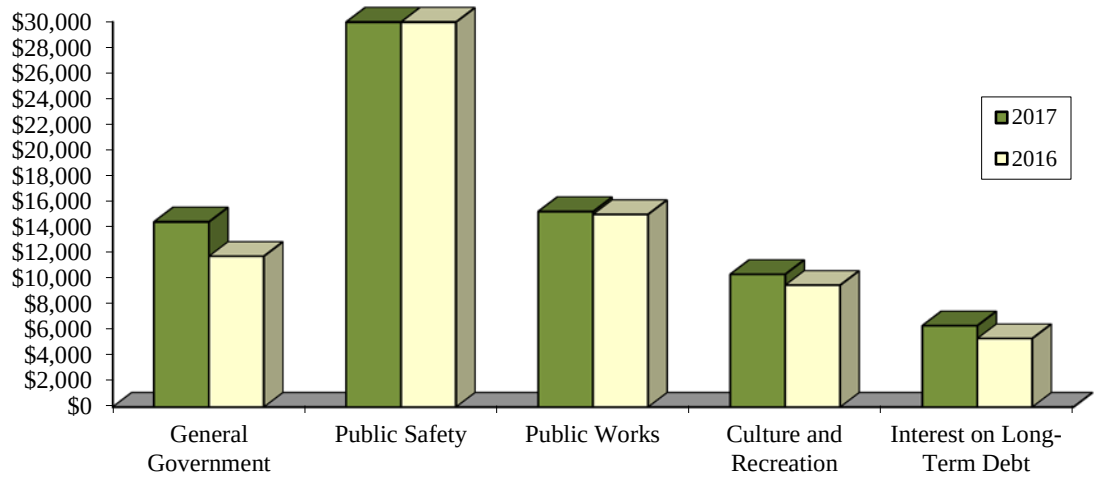
This year the City recognized $6.3 million in interest, amortization and associated issuance costs. Interest expense is the cost the City incurs for borrowing money to make long-term improvements that are generally regarded as long-term assets of the City.

This fiscal year, the Governmental activities increased the City's net position by $3.6 million. The increase in the City net position primarily occurred because of capital contributions received by the City in the amount of $3.4 million.

City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES -						
Program Revenues:						
Charges for Services	$13,762,203	$14,086,752	$49,088,304	$45,752,197	$62,850,507	$59,838,949
Operating grants and Contributions	744,621	767,307	-	-	744,621	767,307
Capital Grants and Contributions	3,357,730	8,236,152	1,647,585	4,161,175	5,005,315	12,397,327
General Revenues:						
Property taxes	41,638,465	38,341,205	63,091	-	41,701,556	38,341,205
Sales taxes	16,200,158	15,492,404	-	-	16,200,158	15,492,404
Other taxes	4,582,952	4,714,541	-	-	4,582,952	4,714,541
Other	400,055	1,781,910	170,979	79,604	571,034	1,861,514
Total Revenues	80,686,184	83,420,271	50,969,959	49,992,976	131,656,143	133,413,247
EXPENSES -						
General government	14,432,936	11,753,157	-	-	14,432,936	11,753,157
Public safety	31,997,593	30,908,765	-	-	31,997,593	30,908,765
Public works	15,236,701	15,016,503	-	-	15,236,701	15,016,503
Culture and recreation	10,348,391	9,500,285	-	-	10,348,391	9,500,285
Interest on debt	6,344,763	5,345,071	-	-	6,344,763	5,345,071
Water and Sewer	-	-	26,649,517	25,309,037	26,649,517	25,309,037
Law Enforcement	-	-	11,885,817	10,881,542	11,885,817	10,881,542
Drainage	-	-	1,210,099	1,155,780	1,210,099	1,155,780
Total Expenses	78,360,384	72,523,781	39,745,433	37,346,359	118,105,817	109,870,140
Before transfers	2,325,800	10,896,490	11,224,526	12,646,617	13,550,326	23,543,107
TRANSFERS, net	1,560,112	723,188	(1,321,662)	(723,188)	238,450	-
Change in net position	3,885,912	11,619,678	9,902,864	11,923,429	13,788,776	23,543,107
NET POSITION, Beginning	268,951,844	257,332,166	170,388,237	158,464,808	439,340,081	415,796,974
Ending	$272,837,756	$268,951,844	$180,291,101	$170,388,237	$453,128,857	$439,340,081

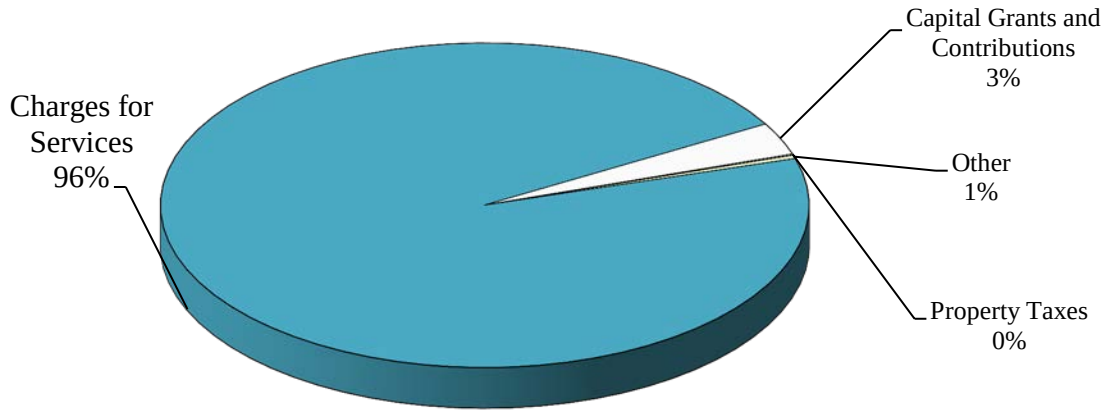
Governmental Activities – Expenses (in thousands)



Business-Type Activities

Revenues exceeded expenses for the City's business-type activities in fiscal year 2017. Total revenues including capital contributions were approximately $51.0 million and total expenses including interest expense were approximately $39.7 million while equity transfers were approximately $1.3 million which added approximately $9.9 million to the Business-Type's net financial position. This increased the net position of the business-type activities from approximately $170.4 million to approximately $180.3 million by the end of fiscal year 2017.

Business-Type Activities – Revenues by Source for fiscal year ending 2017



Comparatively, Business-Type Revenues exceeded prior year Business-Type Revenues by 1.95% or $1 million. Revenues including capital contributions for fiscal year 2017 were approximately $51.0 million and revenues including capital contributions for fiscal year 2016 were approximately $50.0 million. Expenses including interest for fiscal year 2017 were approximately $39.7 million before equity transfers of approximately $1.3 million and expenses including interest expense for fiscal year 2016 were approximately

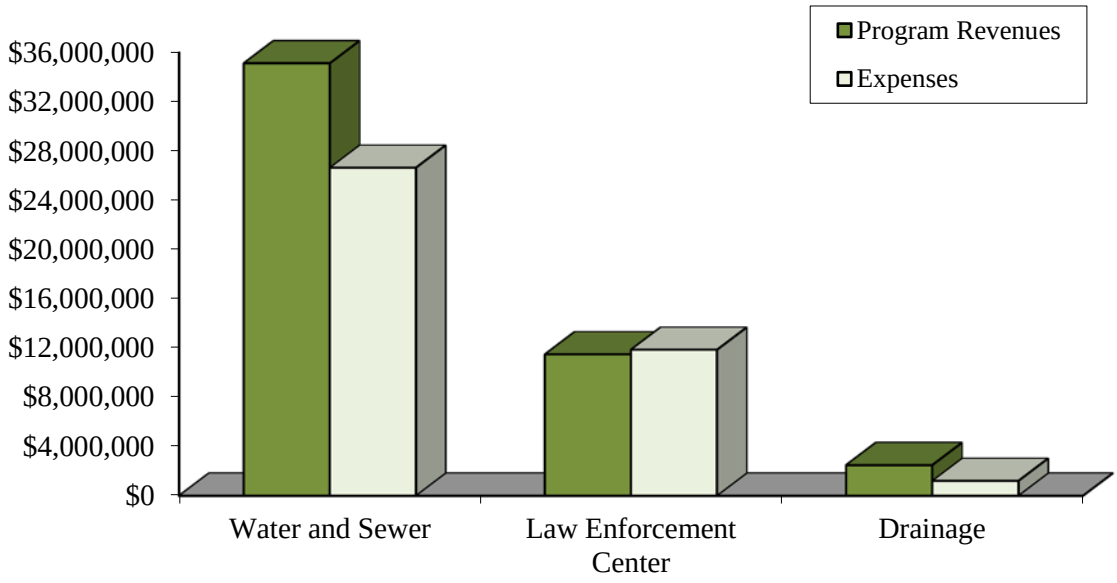
$37.4 million before equity transfers of approximately $.7 million. The increase in net position was primarily the result of the activity of the City's Water & Sewer Fund as the financial results of the City's other Business-Type Funds, Law Enforcement Center Fund, and Drainage Utility Fund, for fiscal year 2017 was five percent of the change in the net position of the City's Business-Type Activities.

Capital contributions have been a revenue source for the Business-Type Activities. These capital contributions are from the public improvements donated by developers. The City requires developers to pay for the cost of public improvements or infrastructure needed to support their developments, and in fiscal year 2017, developers contributed public improvements or assets of $1.6 million. These assets are considered revenue in the year of acceptance or in the year of contribution. Generally, these capital contributions are non-cash contributions from developers and are in the form of water and sewer lines which are conveyed to the City as the developer finishes the developments.

The City's Law Enforcement Center charges a fee for the Services rendered to support the contracts that the City has with other governmental agencies for the housing of inmates. These fees are recognized as Charges for Services in the Business-Type Activities and are used to pay for the cost of housing inmates in this Business-Type Activity.

The City's Drainage Utility charges a fee for the maintenance and continuance of the drainage improvement program of the City. The City has drainage basins that require extensive maintenance. The fee is used to service the improvement cost, debt service, and annual maintenance of the basins.

Business-Type Activities - Program Revenues and Expenses for fiscal year ending 2017



Financial Analysis of the Government's Funds

As discussed earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $49,656,506, a decrease of $2,310,823 in comparison with the prior year. The majority of the decrease is from the use of bond proceeds that were used to construct infrastructure and purchase equipment. Approximately 29.15% or $14,476,031 of the ending fund balance of $49,656,506 constitutes unassigned fund balance and is available for spending at the government's discretion. The remainder of fund balance is dedicated for legally specific or defined purposes. To indicate that it is not available for new spending because it has already been committed, defined or legally restricted for specific purposes, the City has labeled the remaining fund balances as follows: 1) debt service or for future construction contracts, $30,913,672; 3) for committed purposes, $4,085,623, such as park improvements; and 4) for assigned purposes, $181,180, such as capital improvements and land acquisition.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the general fund was $14,476,031. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 29% of total general fund expenditures for fiscal year 2017.

The City's General Fund unassigned fund balance and fund balance increased $1,399,050 in fiscal year 2017. The key reasons for the increases are as follows:

- Actual revenues exceeded actual expenditures by $178,835 in the general fund.

- Other Sources of revenue included the Water and Sewer Utility Fund's payment in-lieu of taxes to the City's General Fund for the use of the City's right of way. This amount was $1,321,662 in fiscal year 2017.

- The City operating expenses increased because of the City's goal to maintain a quality workforce. Funds were spent to maintain the workforce and maintain the morale through the administration of compensation. The primary increases are in the City's Public Safety function as most of the employee group is in the City's Public Safety function. The City has maintained a conservative strategy in managing the human resources of the City. Overall, a few new personnel were added during fiscal year 2017 and personnel costs were managed and funded based on demand for services.

The debt service fund has a fund balance of $622,577, which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was $139,553. The City generally budgets to maintain a constant fund balance within the debt service fund during the fiscal year, and any excess collection in a year is generally spent or used in the following year. The City pays for tax-pledged debt through the Debt Service Fund.

The street construction fund balance increased by $5,617,946 during fiscal year 2017. This fund's fund balance increased as a result of bonds issued and contributions received offset by construction payments of $14,533,643 for the improvement of major streets and neighborhood streets in and throughout the City. Other activity within the street construction fund included additional revenues from development fees charged by the City for the impact or costs that new development has on primary streets within the City. The fee generated $2,084,019 in fiscal year 2017.

The building construction fund expended $12,120,991 for the construction of the Field House and Stars Center recreational facilities. These facilities will add additional basketball, volleyball and ice skating venues to the City's recreational programs.

TIRZ #1 spent $185,170 for minor infrastructure improvements in the tax increment reinvestment zone.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position (deficit) of the Water and Sewer Fund at the end of the year amounted to $22,946,896, for the Law Enforcement Center amounted to $(2,895,777), and for the Drainage Utility Fund amounted to $3,085,026. Factors affecting the performance of these activities are as follows:

- The City treats lake water and sells it to consumers for a fee. In fiscal year 2017, Water and Sewer revenue increased $1,848,503 or 6.3%. The increase is attributable to new connects to the system in fiscal year 2017, and a water and sewer fee increase in fiscal year 2017. Weather influences the system's revenue. Fiscal year 2017 was a fairly normal year in the North Texas area as the temperatures were considered to be average. The result was a fairly consistent year in Water and Sewer revenue for the City. Weather extremes can test the City's ability to produce water for consumption and it can test the system's ability to finance the infrastructure to supply the water to meet the demand of the consumer. A rainy year creates less demand for water, which creates less revenue to support the cost of financing the infrastructure, which is built to supply the demand for water in a year without rain.

- During fiscal year 2017, the City distributed 4.5 billion gallons of water while billing customers for 4.090 billion gallons of water usage or 91% of the actual plant's production. In fiscal year 2016, the City billed for 3.968 billion gallons of water usage compared to actual plant production of 4.2 billion. Actual water and sewer revenue in fiscal year 2017 increased compared to fiscal year 2016. Actual water and sewer revenue in 2017 was $31.2 million compared to $29.3 million in fiscal 2016. Demand for water in fiscal year 2017 was consistent with demand for water in fiscal year 2016 even though the total number of customers increased year over year by 502 new accounts. The water and sewer activity of the business-type activities produced operating income of $10.4 million for fiscal year 2017 as compared to $9.9 million in fiscal year 2016.

- Unrestricted net position increased in the Water and Sewer Fund by $3,979,630. Operating expenses increased $1,581,410 over last year, excluding depreciation. Operating expenses are controlled through the direct administration of personnel costs and variable costs, which are directly caused by consumers' demand for the water. The City spent $5,082,946 for raw water in fiscal year 2017 compared to $4,538,749 in fiscal year 2016, and the City spent $5,876,036 to treat the City wastewater in fiscal 2017 compared to $5,750,311 in fiscal year 2016. The cost for raw water increased year over year by $544,197 while the cost to treat used water increased year over year by $125,725.

- The Law Enforcement Center Fund had operating loss of ($415,044) this fiscal year. The operating loss is attributable to the increase in operating expenses to manage the facility in fiscal year 2017. These costs are offset by transfers from the General Fund, which pay for the City's portion of jail services. No transfers from the General Fund were made in fiscal year 2017 as transfers were made in fiscal year 2016.

- The Drainage Utility Fund revenue had operating income of $1,432,958 this fiscal year. Drainage Fees were approximately $2.494 million and operating expenses excluding depreciation were $922,507. The City raised the drainage fees in fiscal year 2016. The revenue increase is attributable to the fee increase that occurred in fiscal year 2016. The average residential customer fee increased $3 per month.

Budgetary Highlights

General Fund

The City opted to compare the final budget to the actual amounts for comparative purposes. The differences can be briefly summarized as follows:

Revenue results exceeded budgeted estimates by $614,198 for fiscal year ended 2017:

- Property Taxes were below budgeted estimates by $655,851 as collections were less than anticipated. Property valuations improved year over year which has improved overall property tax revenue compared to prior year; however, collections were anticipated to be greater than actual collections.

- Sales Taxes exceeded budgeted projections by $390,149 as the effects of the national economy loosened its hold on consumer spending in Mansfield, Texas, during fiscal 2017. New development occurred in 2017 that created new sales tax collections as well.

- Licenses and permits exceeded budgeted estimates by $286,514. The City's building permit revenues were above expectations because of the economic recovery in the residential construction sector in the area; although the City's economy performed well during the great recession, development has generally improved in the area because the region has been improving.

- Intergovernmental revenue was unexpected grant revenue that was awarded to the City in fiscal year 2017. The grant revenue was received by the City in fiscal year 2017 and used for purpose of public safety.

- Charges for services exceeded budgeted estimates by $606,048 as the majority of the better than expected revenue was derived from the collections of fees for trash services within the City. Fees did increase for this service in fiscal year 2016 as the fees were raised to keep pace with the cost of inflation.

- The most significant expenditure of the City was human capital. Management has been effective in maintaining the human capital costs of the organization. With the other financing sources and uses activity included with the operational activity, the City's revenue exceeded its expenditures for the fiscal year. The City was within the overall budget of $52,208,793 inclusive of all financial activity for the fiscal year 2017.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017 amounts to $595,229,865 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$100,908,564	$100,312,730	$2,045,523	$2,125,523	$102,954,087	$102,438,253
Buildings and system	72,111,048	55,305,817	136,229,320	137,396,780	208,340,368	192,702,597
Improvements	6,684,582	7,793,237	2,382,642	2,430,432	9,067,224	10,223,669
Machinery and equipment	9,117,577	8,732,845	1,512,916	1,639,378	10,630,493	10,372,223
Infrastructure	174,677,980	174,172,081	39,348,135	38,791,702	214,026,115	212,963,783
Construction in progress	40,040,095	28,980,242	10,171,483	5,447,069	50,211,578	34,427,311
Total	$403,539,846	$375,296,952	$191,690,019	$187,830,884	$595,229,865	$563,127,836

Governmental Capital Assets

Roadway expansion and improvements remain a primary element of the City's public works program. In 2017, several major arterial thoroughfares in the City were widened to provide access to Mansfield's developing retail centers. Mansfield has leveraged future tax revenue with general obligation bonds and anticipated the collection of roadway impact fees to pay for an expected $124 million in new street improvements over the next 10 years.

Street projects in fiscal year 2017:

- The City began to improve Debbie Lane west of FM157. Other road improvements include the completion of Holland Road.
- Several small arterial streets are under construction and design throughout neighborhoods.
- In total, the City spent $14,533,643 in street improvements and related work during fiscal year 2017.

Most of the capital assets that were added to construction in progress or the asset base of the City during fiscal year 2017 were planned or budgeted expenditures during fiscal year 2017. The City plans its asset expansion with deliberate budgetary control and oversight as these costs are substantial and have a significant effect on the operational cost and performance of the City.

Business-Type Assets

The City's municipally owned and operated water and sewer system has maintained its superior rating by the Texas Commission on Environmental Quality. Approximately 24% of the City's more than $62.8 million water/sewer improvement tab is expected to be paid by impact fees over the next ten years. These fees are designed to reduce the system's initial costs in building and running water and sewer lines to the user. These impact fees must be used for capital purposes and are restricted as to use by law.

The City's drainage program had some improvements this year which were mostly related improving systems detention basins. The City has spent over $7.5 million on the drainage improvements as of September 30, 2017.

For additional information on the City's capital assets, see note III.C. of the basic financial statements.

Long-Term Debt

At the end of the current fiscal year, the City had total principal outstanding of $227,730,000. Of this amount, $127,860,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City's Component Unit, Mansfield Economic Development Corporation, MEDC, has $22,030,000 in outstanding debt backed by a voter passed sales tax.

City's Outstanding Debt - Tax Obligations and Revenue Bonds

	Governmental Activities	Business-Type Activities	Component Unit MEDC	Total 2017
Security Instrument:				
Tax obligation bonds	$ 127,275,000	$ 585,000	$ -	$ 127,860,000
Sales tax revenue bonds	32,135,000	-	22,030,000	54,165,000
Revenue bonds	-	45,705,000	-	45,705,000
Total	$ 159,410,000	$ 46,290,000	$22,030,000	$ 227,730,000

The City's total debt increased $28,480,000 or 14.29% during the current fiscal year. Key factors for the increase are from the issuance of additional bonds, which were offset by principal payments on existing outstanding debt. The City issued $44,355,000 in new bonds proceeds. The City maintains bond ratings from three rating agencies:

Company	General Fund Bonds	Water and Sewer Revenue Bonds	Sales Tax Revenue Bonds	Drainage Revenue Bonds
Moody's	"Aa2"	"Aa2"	"Aa3"	"Aa2"
Standard & Poor's	"AAA"	"AA+"	"A+"	"AA"
Fitch	"AA+"	"AA+"	"AA+"	"AA"

For additional information on the City's debt obligations, see note III. H, of the basic financial statements.

The City Charter of the City and the statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 populations, limits the ad valorem tax rate to $2.50 per $100 assessed valuation. The City operates under a Home Rule Charter, which also imposes a limit of $2.50. The FY 2016/2017 Property Tax Rate was $0.71000 per $100 valuation with a tax margin of $1.79000 per $100 valuation based upon the maximum ad valorem tax rate noted above. Additional revenues up to $105,854,114 per year could be raised before reaching the maximum allowable tax base on the current year's appraised net taxable value of $5,913,637,667.

Economic Factors: Next Year's Budgets and Rates

The City Economy

- New residential construction is expected to add 1,032 units with approximately 540 single-family units in 2018. The City's tax year is one year in arrear; the housing starts in calendar year 2017 are for budget year or fiscal year 2019. The new development is expected to generate additional ad valorem tax for fiscal year 2019.

- The City's annual growth in property valuation has increased 5.52% annually on average for the past ten years. For fiscal years 2018 and 2019, the City's valuations are expected to increase 11.41% and 6.9%, respectively. Generally, the City has weathered the great recession and property valuations are expected to improve in fiscal 2018 and into 2019. The improvements are expected because of limited residential

inventory, that the City is a good place to live as crime is low, that school ratings are fairly high, that land is affordable and the City's proximity to Dallas and Fort Worth. The City is developing a discernable and identifiable character of being a place to enjoy a life and a good quality life. These intangible characteristics developed recently - over the last decade. The City is also seeing the continued demand for commercial development because of the significant discretionary spending ability of its residents and the relatively stable economy within the City.

- Sales tax revenue is expected to increase with the new residential development and will grow annually; like property valuations, the City has adjusted its projections of anticipated sales tax receipts in 2018 and 2019. The expected budgeted sales tax receipts in 2018 are anticipated to exceed actual collections of 2017 by 5%. Management is monitoring the collections of sales tax revenue and may modify projections into 2018 depending upon the overall economy.

- Retail developments continue into 2018 and 2019. The challenge has been the effect of the national economy and the ability of companies and businesses to obtain capital financing. The City has taken an aggressive position in continuing development in the City because of the support for continued retail development and the community's expectation of additional retail. Development is expected to continue and new property valuations are expected from these developments.

- Median income continues to be an attractive asset for additional development and many in the development community are planning on capturing this income through commercial developments.

- The City has developed stringent building standards that require sustainable developments to assist in extending the asset life of the tax base into the future.

- Efforts have been made to revitalize the City's downtown. The area has suffered in past years from the lack of commerce and trade. The City has created a reinvestment zone to restore and generate new development in this area of the City. The City has purchased land and offered incentives to businesses for locating their new operations in the downtown area. The area is beginning to show signs of growth from the efforts and incentivization.

These variables were considered in preparing the City's budget for the 2018 fiscal year.

The City's 2018 General Fund Operating Revenue Budget increased approximately 10.1% or $5.3 million over the fiscal year 2017 budget. Most of this revenue growth was from new development in the City that generated additional property tax and sales tax revenue of almost $5 million. The tax rate was held constant in 2018 at $0.71 per $100 in assessed valuation of property within the City limits. Unassigned fund balance is expected to grow over fiscal year 2017 by $1.0 million. Any additional appropriations made during fiscal year 2018 will be offset through the management of the operating expenditures of the General Fund during the course of fiscal year 2018.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Mansfield, 1200 E. Broad Street, Mansfield, Texas 76063. Questions may also be directed to 817-276-4257.

City of Mansfield, Texas
Statement of Net Position
As of September 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	MEDC
ASSETS				
Cash and cash equivalents and investments	$ 56,272,705	$ 26,387,137	$ 82,659,842	$ 1,921,573
Receivables (net of allowance for uncollectibles)	3,604,356	5,464,926	9,069,282	415,711
Lease receivable	1,491,944	-	1,491,944	-
Inventories	-	402,122	402,122	-
Restricted assets:				
Cash and cash equivalents and investments	-	12,864,405	12,864,405	13,333,119
Capital assets (net of accumulated depreciation):				
Land	100,908,564	2,045,523	102,954,087	12,181,740
Buildings and systems	72,111,048	136,229,320	208,340,368	-
Improvements other than buildings	6,684,582	2,382,642	9,067,224	97,080
Machinery and equipment	9,117,577	1,512,916	10,630,493	-
Infrastructure	174,677,980	39,348,135	214,026,115	-
Construction in progress	40,040,095	10,171,483	50,211,578	4,661,344
Subtotal capital assets	403,539,846	191,690,019	595,229,865	16,940,164
Total assets	464,908,851	236,808,609	701,717,460	32,610,567
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	2,855,536	1,021,472	3,877,008	42,480
Deferred investment losses	3,567,409	1,291,269	4,858,678	58,935
Deferred actuarial experience	1,334,760	477,572	1,812,332	20,047
Deferred loss on refunding	3,266,180	3,213,483	6,479,663	175,944
	11,023,885	6,003,796	17,027,681	297,406
LIABILITIES				
Accounts payable and other current liabilities	8,494,700	1,124,323	9,619,023	517,643
Liabilities payable from restricted assets	-	2,504,696	2,504,696	-
Noncurrent liabilities:				
Due within one year	12,970,269	5,310,802	18,281,071	1,534,655
Due in more than one year	162,223,489	47,156,982	209,380,471	21,657,676
Net pension liability	17,565,320	6,282,862	23,848,182	279,825
Total liabilities	201,253,778	62,379,665	263,633,443	23,989,799
DEFERRED INFLOWS OF RESOURCES				
Deferred assumption changes	341,202	124,183	465,385	5,519
Deferred loss on refunding	-	17,456	17,456	-
Deferred rent	1,500,000	-	1,500,000	-
	1,841,202	141,639	1,982,841	5,519
NET POSITION				
Net investment in capital assets	238,473,191	144,312,984	382,786,175	6,872,208
Restricted for:				
Debt Service	281,048	3,794,138	4,075,186	220,806
Capital Projects	32,678,985	9,047,834	41,726,819	-
Unrestricted	1,404,532	23,136,145	24,540,677	1,819,641
Total net position	$ 272,837,756	$ 180,291,101	$ 453,128,857	$ 8,912,655

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Activities
For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: MEDC
Primary government:								
Governmental activities:								
General government	$ 14,432,936	$ 5,485,282	$ -	$ -	$ (8,947,654)	$ -	$ (8,947,654)	$ -
Public safety	31,997,593	3,547,029	684,521	-	(27,766,043)	-	(27,766,043)	-
Public Works	15,236,701	2,791,700	-	3,357,730	(9,087,271)	-	(9,087,271)	-
Culture and recreation	10,348,391	1,938,192	60,100	-	(8,350,099)	-	(8,350,099)	-
Interest on long-term debt	6,344,763	-	-	-	(6,344,763)	-	(6,344,763)	-
Total governmental activities	78,360,384	13,762,203	744,621	3,357,730	(60,495,830)	-	(60,495,830)	-
Business-type activities:								
Water	19,714,058	23,611,067	-	1,647,585	-	5,544,594	5,544,594	-
Sewer	6,935,459	11,533,077	-	-	-	4,597,618	4,597,618	-
Law enforcement center	11,885,817	11,450,014	-	-	-	(435,803)	(435,803)	-
Drainage	1,210,099	2,494,146	-	-	-	1,284,047	1,284,047	-
Total business-type activities	39,745,433	49,088,304	-	1,647,585	-	10,990,456	10,990,456	-
Total primary government	$ 118,105,817	$ 62,850,507	$ 744,621	$ 5,005,315	$ (60,495,830)	$ 10,990,456	$ (49,505,374)	$ -
Component units:								
MEDC	3,505,933	74,947	-	-	-	-	-	(3,430,986)
Total component units	$ 3,505,933	$ 74,947	$ -	$ -	$ -	$ -	$ -	$ (3,430,986)
General revenues:								
Property taxes					41,638,465	63,091	41,701,556	-
Sales taxes					16,200,158	-	16,200,158	5,400,053
Franchise taxes					3,639,663	-	3,639,663	-
Mixed drink taxes					188,624	-	188,624	-
Hotel/Motel taxes					754,665	-	754,665	-
Unrestricted investment earnings					230,459	170,979	401,438	53,019
Gas royalty income					237,826	-	237,826	-
Gain on sale of capital assets					(68,230)	-	(68,230)	-
Transfers					1,560,112	(1,321,662)	238,450	(238,450)
Total general revenues					64,381,742	(1,087,592)	63,294,150	5,214,622
Change in net position					3,885,912	9,902,864	13,788,776	1,783,636
Net position beginning as adjusted					268,951,844	170,388,237	439,340,081	7,129,019
Net position ending					$ 272,837,756	$ 180,291,101	$ 453,128,857	$ 8,912,655

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Balance Sheet
Governmental Funds
As of September 30, 2017

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents, and investments	$ 14,626,524	$ 622,577	$ 19,188,883	$ 6,779,135	$ 2,935,684	$ 12,119,902	$ 56,272,705
Receivables (net of allowance for uncollectibles)	2,554,996	97,598	-	-	24,582	927,180	3,604,356
Due from other funds	201,241	-	-	-	-	-	201,241
Total assets	$ 17,382,761	$ 720,175	$ 19,188,883	$ 6,779,135	$ 2,960,266	$ 13,047,082	$ 60,078,302
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 1,198,666	$ -	$ 821,268	$ 1,312,740	$ 963,890	938,989	5,235,553
Due to other funds	-	-	-	21,241	-	180,000	201,241
Accrued liabilities	1,046,223	-	6,946	-	-	625,349	1,678,518
Retainage payable	-	-	134,970	523,388	-	59,077	717,435
Unearned revenue	661,841	97,598	-	-	-	1,829,610	2,589,049
Total liabilities	2,906,730	97,598	963,184	1,857,369	963,890	3,633,025	10,421,796
Fund balances:							
Restricted	-	622,577	18,225,699	4,921,766	1,996,376	5,147,254	30,913,672
Commited	-	-	-	-	-	4,085,623	4,085,623
Assigned	-	-	-	-	-	181,180	181,180
Unassigned	14,476,031	-	-	-	-	-	14,476,031
Total fund balances	14,476,031	622,577	18,225,699	4,921,766	1,996,376	9,414,057	49,656,506
Total liabilities and fund balances	$ 17,382,761	$ 720,175	$ 19,188,883	$ 6,779,135	$ 2,960,266	$ 13,047,082	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	403,539,846
Lease receivables in the governmental activities are not financial resources and, therefore, are not reported in the funds.	1,491,944
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,589,049
Long-term liabilities, including bonds payable and pension expense, are not due and payable in the current period and therefore are not reported in the funds	(184,439,589)
Net position of governmental activities	$ 272,837,756

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	$ 26,950,057	$ 13,962,963	$ -	$ -	$ 724,669	$ 62,732	$ 41,700,421
Sales	10,800,106	-	-	-	-	5,400,052	16,200,158
Franchise	3,639,663	-	-	-	-	-	3,639,663
Mixed drink	188,624	-	-	-	-	-	188,624
Hotel/motel	-	-	-	-	-	754,665	754,665
Licenses and permits	1,759,695	-	-	-	-	215,043	1,974,738
Intergovernmental	684,521	-	-	-	-	16,061	700,582
Charges for services	4,764,006	-	-	-	-	1,008,433	5,772,439
Fines	1,840,769	-	-	-	-	131,715	1,972,484
Interest earnings	88,435	2,736	67,569	10,329	9,923	51,467	230,459
Contributions and donations	-	-	-	-	-	44,039	44,039
Impact fees	-	-	2,084,019	-	-	411,250	2,495,269
Miscellaneous	898,601	17,993	350,000	-	-	168,509	1,435,103
Total revenues	51,614,477	13,983,692	2,501,588	10,329	734,592	8,263,966	77,108,644
EXPENDITURES							
Current:		-					
General government	11,952,386	-	-	-	-	1,023,621	12,976,007
Public safety	30,308,335	-	-	135	-	296,108	30,604,578
Public works	4,244,277	-	-	-	-	-	4,244,277
Culture and recreation	4,291,402	-	-	-	-	3,817,158	8,108,560
Debt service:							
Principal	-	8,820,000	-	-	-	1,035,000	9,855,000
Interest	-	4,993,351	-	-	-	1,124,287	6,117,638
Fiscal charges	-	18,328	407	916	-	3,800	23,451
Bond issuance cost	-	12,460	154,781	251,310	-	21,880	440,431
Capital outlay:							
Land	409,408	-	-	-	-	186,426	595,834
Highways and streets	-	-	14,533,643	-	185,170	-	14,718,813
Buildings	-	-	-	12,120,991	-	6,908,891	19,029,882
Improvements other than buildings	120,347	-	-	-	-	84,347	204,694
Equipment	109,487	-	-	-	-	1,137,694	1,247,181
Parks	-	-	-	-	-	3,723,887	3,723,887
Total expenditures	51,435,642	13,844,139	14,688,831	12,373,352	185,170	19,363,099	111,890,233
Excess (deficiency) of revenues over (under) expenditures	178,835	139,553	(12,187,243)	(12,363,023)	549,422	(11,099,133)	(34,781,589)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,562,352	-	-	-	-	1,633,236	3,195,588
Transfers out	(372,496)	-	-	-	(2,240)	(1,260,740)	(1,635,476)
Sale of city property	30,359	-	-	-	-	24,680	55,039
Bonds issued	-	-	17,174,808	11,718,065	-	1,337,127	30,230,000
Premium on bonds issued	-	-	630,381	25,001	-	41,073	696,455
Discounts on bonds issued	-	-	-	(70,840)	-	-	(70,840)
Total other financing sources and uses	1,220,215	-	17,805,189	11,672,226	(2,240)	1,775,376	32,470,766
Net change in fund balances	1,399,050	139,553	5,617,946	(690,797)	547,182	(9,323,757)	(2,310,823)
Fund balances - beginning	13,076,981	483,024	12,607,753	5,612,563	1,449,194	18,737,814	51,967,329
Fund balances - ending	$ 14,476,031	$ 622,577	$ 18,225,699	$ 4,921,766	$ 1,996,376	$ 9,414,057	$ 49,656,506

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances total governmental funds	$	(2,310,823)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		25,008,438
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		3,234,461
Lease revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue in the funds.		350,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(61,956)
Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses.		(161,091)
Deferred inflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an inflow until then. Deferred inflows are deferred pension contributions		72,533
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the treatment of long-term debt and related items. Also included is net pension liability which is the difference in Total Pension Liabilty less the Plan Fiduciary Net Position.		(22,245,650)
Changes in net position of governmental activities	$	3,885,912

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Net Position
Proprietary Funds
September 30, 2017

	Business-Type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 23,126,750	$ 391,308	$ 2,869,079	$ 26,387,137
Accounts receivable (net of allowance for uncollectibles)	4,777,412	376,830	310,684	5,464,926
Inventories	377,738	24,384	-	402,122
Current assets	28,281,900	792,522	3,179,763	32,254,185
Current restricted assets:				
Cash and cash equivalents	12,645,313	131,914	87,178	12,864,405
Total current assets	40,927,213	924,436	3,266,941	45,118,590
Noncurrent assets:				
Capital assets:				
Land	186,976	234,528	1,624,019	2,045,523
Buildings and systems	220,599,627	7,363,784	6,741,684	234,705,095
Improvements other than buildings	62,818	2,688,591	-	2,751,409
Machinery and equipment	3,710,523	1,188,686	202,299	5,101,508
Construction in progress	10,051,687	-	119,796	10,171,483
Less accumulated depreciation	(56,607,697)	(5,327,459)	(1,149,843)	(63,084,999)
Total capital assets (net of accumulated depreciation)	178,003,934	6,148,130	7,537,955	191,690,019
Total noncurrent assets	178,003,934	6,148,130	7,537,955	191,690,019
Total assets	218,931,147	7,072,566	10,804,896	236,808,609
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	335,125	658,525	27,822	1,021,472
Deferred investment losses	475,737	790,311	25,221	1,291,269
Deferred actuarial experience	158,155	306,712	12,705	477,572
Deferred loss on refunding	3,046,696	-	166,787	3,213,483
	4,015,713	1,755,548	232,535	6,003,796
LIABILITIES				
Current liabilities:				
Accounts payable	815,272	119,348	35,314	969,934
Compensated absences	215,517	361,134	-	576,651
Accrued liabilities	50,942	98,711	4,736	154,389
Current liabilities	1,081,731	579,193	40,050	1,700,974
Current liabilities payable from restricted assets:				
Customer deposits payable	1,447,828	3,362	-	1,451,190
Revenue bonds payable	4,000,000	-	405,000	4,405,000
Certificates of obligation payable	-	45,000	-	45,000
Accrued interest payable	838,454	2,755	19,678	860,887
Retainage payable	173,485	-	-	173,485
Accrued liabilities	4,671	14,463	-	19,134
Current liabilities payable from restricted assets	6,464,438	65,580	424,678	6,954,696
Total current liabilities	7,546,169	644,773	464,728	8,655,670
Noncurrent liabilities:				
Compensated absences	499,891	818,182	-	1,318,073
General obligation bonds payable (net of unamortized discounts)	-	536,787	-	536,787
Revenue bonds payable (net of deferred amount on refunding)	42,408,966	-	3,177,307	45,586,273
Net pension liability	2,212,727	3,952,275	117,860	6,282,862
Total noncurrent liabilities	45,121,584	5,307,244	3,295,167	53,723,995
Total liabilities	52,667,753	5,952,017	3,759,895	62,379,665
DEFERRED INFLOWS OF RESOURCES				
Deferred assumption changes	45,235	76,372	2,576	124,183
Deferred loss on refunding	-	17,456	-	17,456
	45,235	93,828	2,576	141,639
NET POSITION (DEFICIT)				
Net investment in capital assets	134,641,663	5,548,887	4,122,434	144,312,984
Restricted for debt service	3,707,025	19,613	67,500	3,794,138
Restricted for capital projects	8,938,288	109,546	-	9,047,834
Unrestricted	22,946,896	(2,895,777)	3,085,026	23,136,145
Total net position	$ 170,233,872	$ 2,782,269	$ 7,274,960	$ 180,291,101

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
Operating revenues:				
Charges for sales and services:				
Water sales	$ 19,639,307	$ -	$ -	$ 19,639,307
Sewer charges	11,533,077	-	-	11,533,077
Drainage fees	-	-	2,476,251	2,476,251
Housing services	-	11,176,874	-	11,176,874
Other services	3,971,760	273,140	17,895	4,262,795
Total operating revenues	35,144,144	11,450,014	2,494,146	49,088,304
Operating expenses:				
Costs of sales and services	16,955,343	10,902,129	433,594	28,291,066
Administration	3,316,384	712,383	488,913	4,517,680
Depreciation	4,441,803	250,546	138,681	4,831,030
Total operating expenses	24,713,530	11,865,058	1,061,188	37,639,776
Operating income (loss)	10,430,614	(415,044)	1,432,958	11,448,528
Nonoperating revenues (expenses):				
Interest earnings	164,312	-	6,667	170,979
Interest expense	(1,935,987)	(20,759)	(148,911)	(2,105,657)
Property tax revenue	-	63,091	-	63,091
Total nonoperating revenue (expenses)	(1,771,675)	42,332	(142,244)	(1,871,587)
Income (loss) before contributions and transfers	8,658,939	(372,712)	1,290,714	9,576,941
Capital contributions	1,647,585	-	-	1,647,585
Transfers in (out)	(1,321,662)	-	-	(1,321,662)
Change in net position	8,984,862	(372,712)	1,290,714	9,902,864
Total net position - beginning	161,249,010	3,154,981	5,984,246	170,388,237
Total net position- ending	$ 170,233,872	$ 2,782,269	$ 7,274,960	$ 180,291,101

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Law Enforcement Center	Drainage Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customer and users	$ 34,812,166	$ 11,322,046	$ 2,488,665	$ 48,622,877
Payments to suppliers	(14,693,121)	(1,316,639)	(513,609)	(16,523,369)
Payments to employees	(5,196,256)	(9,576,631)	(361,709)	(15,134,596)
Net cash provided by operating activities	14,922,789	428,776	1,613,347	16,964,912
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property tax revenue	-	63,091	-	63,091
Transfer to/from other funds	(1,321,662)	-	-	(1,321,662)
Net cash provided by (used in) capital and related financing activities	(1,321,662)	63,091	-	(1,258,571)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(6,996,415)	(65,412)	(4,841)	(7,066,668)
Principal paid on capital debt	(4,020,000)	(45,000)	(400,000)	(4,465,000)
Interest paid on capital debt	(2,039,234)	(18,091)	(128,170)	(2,185,495)
Net cash used in capital and related financing activities	(13,055,649)	(128,503)	(533,011)	(13,717,163)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	164,312	-	6,667	170,979
Net cash provided by investing activities	164,312	-	6,667	170,979
Net increase in cash and cash equivalents	709,790	363,364	1,087,003	2,160,157
Cash and cash equivalents, October 1	35,062,273	159,858	1,869,254	37,091,385
Cash and cash equivalents, September 30 (including $12,645,313; $131,914; and $87,178 for the Water and Sewer fund, Law Enforcement Center fund, and Drainage Utility fund, respectively, reported in restricted accounts)	$ 35,772,063	$ 523,222	$ 2,956,257	$ 39,251,542
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ 10,430,614	$ (415,044)	$ 1,432,958	$ 11,448,528
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	4,441,803	250,546	138,681	4,831,030
(Increase) in accounts receivable	(331,978)	(127,968)	(5,481)	(465,427)
Decrease in inventories	42,245	2,917	-	45,162
Increase in accounts payable	340,105	718,325	47,189	1,105,619
Total adjustments	4,492,175	843,820	180,389	5,516,384
Net cash provided by operating activities	$ 14,922,789	$ 428,776	$ 1,613,347	$ 16,964,912
Noncash capital activities:				
Contributions of capital assets from developers	$ 1,647,585	$ -	$ -	$ 1,647,585

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2017

	Agency
ASSET	
Cash and cash equivalent	$ 938,299
Total assets	$ 938,299
LIABILITIES	
Insurance payable	$ 938,299
Total liabilities	$ 938,299

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

The financial statements of the City of Mansfield, Texas (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described herein.

New Accounting Pronouncements Implemented in Fiscal Year 2017

For fiscal year 2017, the City implemented the following statement issued by GASB.

GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The implementation of this statement did not result in any significant changes to the financial statements.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member Council. As required by GAAP, these financial statements present the City and its component units, for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations, and data from these units are combined with data from the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Units

Mansfield Park Facilities Development Corporation (MPFDC) - The MPFDC board of directors is appointed by the City Council, and the City management maintains significant continuing management responsibility with respect to MPFDC policies. Additionally, the City is ultimately responsible for MPFDC fiscal matters. The MPFDC provides services exclusively to the City (i.e., the MPFDC constructs capital assets on behalf of the City). The MPFDC does not issue separate financial statements and the MPFDC is included in the other governmental funds.

Mansfield Tax Increment Financing Reinvestment Zone Number One (TIRZ #1) - The City and the City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of the TIRZ #1. The TIRZ #1 board of directors is a seven-member board; four members of the board of directors are members of the City's Council with the remaining three board members appointed by the participating entities of the TIRZ #1 unless the participating entity waives its right to board membership, which at such time the City may appoint a member in its stead. Two Counties, Tarrant, and Ellis County, participate in the City's TIRZ #1 as it is a

3,100-acre tract of land that is in three Counties. The TIRZ #1 does not issue separate financial statements, as the TIRZ #1 is included as a major fund of the City. The TIRZ #1 was established in December 2006 and is for the primary benefit of the City. The benefits include financing of the City's infrastructure within the TIRZ #1, which are owned and maintained by the City.

Mansfield Tax Increment Financing Reinvestment Zone Number Two (TIRZ #2) – The City and the City's management maintain significant influence and responsibility in the approval of programs, expenditures, and obligations of the TIRZ #2. The TIRZ #2 board of directors is a five-member board; four members of the board of directors are members of the City's Council with the remaining board member appointed by Tarrant County, the other participating entity. This TIRZ #2 was established to revitalize the City's Historic Downtown area, which includes 317 developed acres. The TIRZ #2 does not issue separate financial statements, as the TIRZ #2 is included as a non-major fund of the City. The TIRZ #2 was established in December 2012 and is for the primary benefit of the City. The benefits include financing of the City's infrastructure within the TIRZ #2, which will be owned and maintained by the City.

South Pointe Public Improvement District – The City established a public improvement district for the purpose of maintaining public improvements on approximately 873 acres in the TIRZ number one area. An annual assessment will fund the public improvement district. There was no financial activity for fiscal year 2017.

Discretely Presented Component Unit

Mansfield Economic Development Corporation (MEDC) – In 1997, the voters passed an additional 1/2 cent sales tax to fund an aggressive economic development program and provide financial incentives, infrastructure needs, and tax relief in the recruitment and retention of industry. Although the City Council appoints all board members, none of the board members are currently City Council members or City employees. In addition, City management maintains significant continuing management responsibility with respect to MEDC financial matters. Although the MEDC financial matters are ratified or denied by the City, the City is not legally entitled to the MEDC resources or is it legally obligated for the indebtedness of the MEDC. The MEDC provides financial incentives to business and industry as permitted by statute and does not provide services entirely or almost entirely to the City and does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where amounts reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The previous reporting model emphasized fund types (the total of all funds of a particular type); in the reporting model as defined by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the focus is either the City as a whole or major individual fund (within the fund financial statements).

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, debt service fund, street construction fund, building construction fund, and TIRZ fund #1. The major enterprise funds are the water and sewer fund, the law enforcement center fund, and the drainage utility fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds along with other qualitative factors. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary fund (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are presented using the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers ad valorem tax, sales tax, hotel/motel tax, mixed drink tax, and investment earnings to be available if they are collected within 60 days of the end of the current fiscal period. Franchise tax revenues are considered to be available if collected within 30 days of

the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and will be paid shortly after year-end (not to exceed one month).

Licenses and permits, charges for services, fines, contributions and donations, impact fees, and miscellaneous revenues are recorded as revenues when received in cash, as the amounts are typically not known until received. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, as soon as all eligibility requirements have been met, moneys must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, moneys are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if all eligibility requirements are met.

A portion of the City's revenues are derived from developer contributions. The effect of these transactions, recorded as revenue, in the City's water and sewer funds was significant. Developer's contributions of $1,647,585 are recorded as non-operating revenue in the water and sewer fund financial statements. These amounts represent revenues from non-exchange transactions during the fiscal year. For reporting non-exchange transactions for the governmental activities, in the government-wide financial statements on the accrual basis of accounting, the revenues are recorded as capital contributions program revenue, which totaled $3,357,730.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major governmental funds:

The General Fund is the operating fund of the City. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The General Obligation Debt Service Fund (Debt Service) is used to account for the accumulation of resources for and the payment of, principal and interest on general long-term obligation debt. The primary source of revenue is ad valorem taxes, which are levied by the City.

The Street Construction Fund accounts for the financial resources to be used in the construction of roadways and bridges. The Fund is financed from general obligation bond proceeds, certificates of obligation proceeds, impact fees, developer contributions, or other sources.

The Building Construction Fund accounts for the financial resources to be used in the construction of general governmental buildings and facilities. The Fund is financed from general obligation bond proceeds, certificates of obligation proceeds, or other sources.

The TIRZ One Fund accounts for the financial resources to be used in the development, construction, improvements, and acquisition of land within a boundary that encompasses 3,100 acres of mixed-use property. The Fund is financed from the increased property values above a preexisting property tax base on January 1, 2006. The year-over-year increase in property values will be contributed by the City and the participating Counties. The City's contribution of property tax from the increased property values is 65% of the increased property within the TIF boundary, and the County's contribution of property tax from the increased property values is 30% of the increased property within Counties limits within the TIF boundary.

The other governmental funds column is a summarization of all the non-major governmental fund types.

The government reports the following major proprietary funds:

The Water and Sewer Fund accounts for the operation of the City's water and sewer system. Activities of the Fund include administration, operation, and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for general obligation, and revenue bonds. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the Fund.

The Law Enforcement Center Fund accounts for the operation of the City's jail facility.

The Drainage Utility Fund accounts for the operation of the City's drainage system. Activities of the Fund include administration, operation, and maintenance of the drainage system. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

Additionally, the government reports the following fund type:

Agency Funds are used to account for assets held by the City in a trustee capacity for others or for other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables. The Payroll Fund and the Employee Group Health Insurance Fund are the Agency Funds currently administered by the City.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three months or less from the end of the fiscal year.

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the balance sheet or statement of net position as "Cash, Cash Equivalents, and Investments" under each fund's caption. Except for bond-related and other restricted transactions, the City conducted all its banking and investment transactions with the depository bank, JPMorgan Chase Bank, Mansfield.

For fiscal year 2017, the City invested in direct obligations of the U.S. government, or its agencies and mutual funds as authorized by the City's investment policy. The City records interest revenue earned from investment activities in each respective fund and recognizes its investments on a fair value basis, which is based on quoted market prices.

2. Inventory:

Inventory consists primarily of supplies, valued at cost. Cost is determined using the weighted average method. Inventory is charged to the user departments and recorded as expenses/expenditures when consumed rather than when purchased.

3. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond are recorded as prepaid items. The non-spendable portion of the fund balance is provided equal to the amount of inventory, as the amount is not available for expenditure. These payments are recognized under the consumption method.

4. Capital Assets:

Capital assets, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, while improvements and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Building and Improvements	50 years
Water and Sewer Lines	50 years
Vehicles, Machinery, and Equipment	4-10 years
Infrastructure	25 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with the interest earned on invested proceeds over the same period. The City capitalized $0 of interest during fiscal year 2017.

5. Deferred Inflows and Outflows:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expense/expenditure) until the appropriate future period. The City has four items that qualify for this category. Deferred pension contributions relate to contributions made by the City after the measurement date so they are deferred and recognized in the upcoming fiscal year. Deferred investment losses are the differences in the projected and actual earnings on the pension assets. This difference is

deferred and amortized over a closed five year period. Deferred actuarial expense is the difference in the expected and actual pension experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred loss on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt.

This separate financial statement element, deferred inflows of resources is used to report revenues of the City that are applicable to a future reporting period. Deferred inflows of resources are used to report acquisitions of net assets by the City that are applicable to future reporting periods. The deferred inflow is reclassified to revenue on the government-wide financial statements. Deferred pension contribution is the difference in assumption changes or actuarial gains or losses. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred rent is the prepaid rent relating to a lease agreement and will be amortized over a period of 20 years.

6. Compensated Absences:

Vested or accumulated vacation leave is accrued in the government-wide and proprietary fund financial statements when incurred. No liability is recorded for non-vesting, accumulating rights to receive sick pay benefits. Vacation is earned in varying amounts up to a maximum of fifteen (15) days for employees with ten (10) or more years of service. Unused vacation leave is carried forward from one year to the next without limit with regards to years of service. As of September 30, 2017, the liability for accrued vacation was $8,834,693. The amount applicable to the Proprietary Funds $1,894,724 and the MEDC $79,044 have been recorded in these funds, and the amount applicable to other funds of $6,860,926 has been recorded in the government-wide financial statements.

7. Interfund Charges:

The City allocates to the Water and Sewer Fund, a percentage of the salaries and wages and related costs of personnel who perform administrative services for the fund but are paid through the General Fund. During the year ended September 30, 2017, the City allocated $147,980 to the Water and Sewer Fund for these services.

8. Property Tax:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent on February 1 of the following year. The City contracts with Tarrant County to bill and collect its property taxes. Property tax revenues are recognized when they are both measurable and available. Revenues are considered both measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

9. Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Net pension liability is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit plan.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Restricted Assets:

Certain proceeds of Proprietary Fund Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Additionally, amounts held by the City for inmates of the Law Enforcement Center are also classified as restricted assets on the statement of net position.

11. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Final settlement amounts could differ from those estimates.

12. Fund Balance Classification:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to classify the fund balances.

Committed fund balances are amounts that can only be used for specific purposes with constraints imposed by formal action of the City Council and do not lapse at year-end. This formal action consists of a written ordinance voted and approved by a majority of the City Council. For assigned fund balance classification, the City Manager with concurrence of the Deputy City Manager is authorized to assign amounts for a specific purpose as permitted by Section 9.12 of the City Charter. The restricted fund balance classification includes amounts that have constraints that are externally imposed (creditors, grantors, etc.) or imposed by enabling legislation. The non-spendable classification includes amounts that are not in spendable form or required to be maintained intact. The unassigned fund balance classification represents fund balance that has not been classified to another category.

The City considers an amount spent when the expenditure is incurred when restricted or unrestricted fund balances are available. In addition, the City considers an amount spent when expenditure is incurred for purposes for which an amount in the committed, assigned, or unassigned amounts could be used. The City considers expenditure to be made from the most restrictive resources/funds when more than one classification is available.

The City has a minimum General Fund balance policy requirement. This policy established by resolution of the Council requires General Fund unassigned fund balance to be 25% of the ensuing fiscal year's General Fund operating budget. The detailed fund balance classifications are as follows:

	General	Debt Service	Street Construction	Building Construction	TIRZ	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Restricted:							
Debt service reserve	-	622,577	-	-	-		622,577
Parks debt service reserve	-	-	-	-	-	424,067	424,067
Street construction/improvements	-	-	18,225,699	-	-	-	18,225,699
Municipal building improvements	-	-	-	4,921,766	-	-	4,921,766
Parks and recreation	-	-	-	-	-	2,586,825	2,586,825
Parks capital improvements	-	-	-	-	-	2,111,557	2,111,557
Other capital projects	-	-	-	-	1,996,376	(113,606)	1,882,770
Equipment /other purposes	-	-	-	-	-	115,290	115,290
Court seizure fund	-	-	-	-	-	23,121	23,121
Commited:							
Tree mitigation	-	-	-	-	-	26,212	26,212
Parks and recreation	-	-	-	-	-	2,835,078	2,835,078
Tourism promotion	-	-	-	-	-	867,818	867,818
Court security and technology	-	-	-	-	-	294,956	294,956
Animal control	-	-	-	-	-	61,559	61,559
Assigned:							
COPS Grant	-	-	-	-	-	102,101	102,101
Library	-	-	-	-	-	79,079	79,079
Unassigned:	14,476,031	-	-	-	-	-	14,476,031
Total fund balances	14,476,031	622,577	18,225,699	4,921,766	1,996,376	9,414,057	49,656,506

The deficit fund balance in TIRZ #2, included in other governmental funds, will be satisfied with future TIRZ fund revenues or a subsidy from the General Fund.

13. Net Position:

Net position is classified and displayed in three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is excluded from the calculation of net investment in capital assets.

Restricted – Consists of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which there are both restricted and unrestricted assets available, it is the City's policy to apply those expenses to restricted assets, to the extent such are available, and then to unrestricted assets.

Unrestricted – All other assets that constitute the components of net position that do not meet the definition of "restricted" or "investment in capital assets."

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds."

The details of this $184,439,589 difference are as follows:

Bonds payable	159,410,000
Premium on issuance of bonds	9,968,415
Discounts on issuance of bonds	(1,045,580)
Deferred loss on refunding	(3,266,180)
Accrued interest payable	863,191
Compensated absences	6,860,926
Deferred pension contributions	(2,855,536)
Deferred investment losses	(3,567,409)
Net pension liability	17,565,320
Deferred pension expense	(1,334,760)
Deferred rent	1,500,000
Deferred pension contributions	341,202
Net adjustment to reduce fund balance – total governmental funds to arrive at net position– governmental activities	$184,439,589

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $25,008,438 difference are as follows:

Capital outlay	$39,520,291
Depreciation expense	(14,511,853)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 25,008,438

Another element of that reconciliation states "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position." The statement of activities reports contributions of capital assets. Conversely, the governmental funds do not report any contributions of capital assets. The $3,234,461 difference is as follows:

Net adjustment to increase changes in fund balances – total government funds to arrive at changes in net position of governmental activities	$ 3,234,461

Another element of that reconciliation states that "revenues recognizing future lease payments on a straight-line basis in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the funds." The $350,000 difference is as follows:

The statement of activities reports lease revenues to recognize future lease payments on a straight-line basis, However, governmental funds do not report lease revenues until they are available.	$350,000

Another element of that reconciliation states that "revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds". The $(61,956) difference is as follows:

The governmental funds defer revenue related to uncollected receivables. However, in the statement of activities, this is recognized in the current period.	$ (61,956)

Another element of that reconciliation states that "deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then." Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses. The details of this $ (161,091) difference are as follows:

Changes in Deferred pension contributions	$ 217,601
Changes in deferred investment losses	(35,768)
Changes in deferred actuarial expense	(33,581)
Changes in deferred loss on refunding	(309,343)
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (161,091)

Another element of that reconciliation states that "deferred inflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an inflow until then." Deferred inflows are deferred pension contributions, and deferred rent. The details of this $72,533 difference are as follows:

Changes in deferred assumption changes	72,533
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 72,533

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $(22,245,650) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$(30,230,000)
Premium on issuance of bonds	(696,455)
Discounts on issuance of bonds	70,840
Accrued interest payable	(94,619)

Amortization of premiums/discounts	640,720
Compensated absences	32,941
Principal payments or payments to escrow agent	9,855,000
Change in net pension liability	(1,824,077)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (22,245,650)

III. Detailed Notes on All Funds

A. Deposits and Investments

As of September 30, 2017, the primary government had cash and cash equivalents of $38,055,636 and the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM):

Primary Government - Governmental Activities and Business-type Activities	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	$57,468,611	0.08

As of September 30, 2017, the Mansfield Economic Development Corporation had cash and cash equivalents of $5,848,291 and the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM)

Component Unit - Mansfield Economic Development Corporation	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	9,406,401	0.08

Money market accounts are marketable securities in active markets that have observable inputs and prices.

Interest Rate Risk –

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk –

The City is authorized to invest in U.S. government obligations and its agencies or instrumentalities, obligations of Texas and its agencies, fully insured or collateralized certificates of deposit, fully collateralized direct repurchase agreements, government pools and money market funds consisting of any of these securities listed, and obligations of states, cities, and other political subdivisions with a rating of “A” or its equivalent. As of September 30, 2017, the City’s investment in the money market mutual funds was rated “AAA” by Standard and Poor’s and “Aaa” by Moody’s Investment Service.

Custodial Credit Risk Deposits –

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy, which requires a collateralization level of 105% of market value less an amount insured by the FDIC.

Custodial Credit Risk Investments –

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has an investment policy, which requires a collateralization level of 105% of market value of principal and accrued interest on investments other than direct purchases of U.S. Treasuries or Agencies. The policy requires all investments held by outside parties for safekeeping in the name of the City or on behalf of the City.

Concentration of Credit Risk Investments –

The City's investment policy does not place a limit on the amount the City may invest in a single issuer because the City's investment policy limits the City's authorized investments. These authorized investments include any security backed by the federal government, the State of Texas, or political subdivision with an investment grade rating of "A" or better. The City's investment policy authorizes mutual funds, "AAA" rated only registered with the Securities and Exchange Commission available alternatives to previously listed authorized securities. At September 30, 2017, the City's investments are held in Bank of America Merrill Lynch Money Market Mutual Fund; and TexStar Participant Services. These investments are 35.99%; and 63.34% of the City's total investments. These money market mutual funds are invested in U.S. Treasury obligations, which are backed by the full faith and credit of the U.S. government.

B. Receivables

Receivables at September 30, 2017 consisted of the following:

	Governmental Funds				
	General	Debt Service	TIRZ #1	Non-major	Total
Receivables:					
Property Taxes	$773,983	$393,296	$ -	$ -	$1,167,279
Accounts	7,915,278	-	24,582	927,180	8,867,040
Gross Receivables	8,689,261	393,296	24,582	927,180	10,034,319
Less: Allowance for Uncollectible	6,134,265	295,698	-	-	6,429,963
Net Total Receivables	$2,554,996	$97,598	$24,582	$927,180	$3,604,356

	Proprietary Funds			
	Water & Sewer	Law Enforcement	Drainage Utility	Total
Receivables:				
Accounts	$5,748,824	$376,830	$ 374,126	$6,499,780
Other	45,349	-	-	45,349
Gross Receivables	5,794,173	376,830	374,126	6,545,129
Less: Allowance for Uncollectible	(1,016,761)	-	(63,442)	(1,080,203)
Net Total Receivables	$4,777,412	$376,830	$310,684	$5,464,926

The MEDC has a receivable in the amount of $415,711 as of September 30, 2017.

C. Capital Assets

Capital asset activity for the year ended September 30, 2017 is as follows:

Governmental activities:	Sept 30, 2016	Increases	Decreases	Sept 30, 2017
Capital assets, not being depreciated:				
Land	$ 100,312,730	$ 595,834	$ -	$ 100,908,564
Construction in progress	28,980,242	39,520,291	(28,460,438)	40,040,095
Total capital assets, not being depreciated	129,292,972	40,116,125	(28,460,438)	140,948,659
Capital assets, being depreciated:				
Buildings	66,683,245	18,054,828	-	84,738,073
Other improvements	20,690,998	328,627	-	21,019,625
Machinery and equipment	25,610,240	1,247,182	(530,480)	26,326,942
Infrastructure	345,066,379	11,591,692	-	356,658,071
Total capital assets, being depreciated	458,050,862	31,222,329	(530,480)	488,742,711
Less accumulated depreciation for:				
Buildings	(11,377,428)	(1,249,597)	-	(12,627,025)
Other improvements	(12,897,761)	(1,437,282)	-	(14,335,043)
Machinery and equipment	(16,877,395)	(739,181)	407,211	(17,209,365)
Infrastructure	(170,894,298)	(11,085,793)	-	(181,980,091)
Total accumulated depreciation	(212,046,882)	(14,511,853)	407,211	(226,151,524)
Total capital assets being depreciated, net	246,003,980	16,710,476	(123,269)	262,591,187
Governmental activities capital assets, net	$ 375,296,952	$ 56,826,601	$ (28,583,707)	$ 403,539,846

Business-type activities:	Sept 30, 2016	Increases	Decreases	Sept 30, 2017
Capital assets, not being depreciated:				
Land	$ 2,125,523	$ -	$ (80,000)	$ 2,045,523
Construction in progress	5,447,069	7,150,105	(2,425,691)	10,171,483
Total capital assets, not being depreciated	7,572,592	7,150,105	(2,505,691)	12,217,006
Capital assets, being depreciated:				
Buildings and systems	176,020,969	2,207,701	-	178,228,670
Improvements other than buildings	2,751,409	-	-	2,751,409
Machinery and equipment	4,955,280	217,990	(71,762)	5,101,508
Infrastructure	54,828,840	1,647,585	-	56,476,425
Total capital assets, being depreciated	238,556,498	4,073,276	(71,762)	242,558,012
Less accumulated depreciation for:				
Buildings and systems	(38,626,471)	(3,375,161)	-	(42,001,632)
Improvements other than buildings	(320,976)	(47,790)	-	(368,766)
Machinery and equipment	(3,313,621)	(316,926)	44,237	(3,586,310)
Infrastructure	(16,037,138)	(1,091,153)	-	(17,128,291)
Total accumulated depreciation	(58,298,206)	(4,831,030)	44,237	(63,084,999)
Total capital assets being depreciated, net	180,258,292	(757,754)	(27,525)	179,473,013
Business-type activities capital assets, net	$ 187,830,884	$ 6,392,351	$ (2,533,216)	$191,690,019

Capital assets continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 804,919
Public Safety	688,353
Public Works	11,156,230
Culture and Recreation	1,862,351
Total Depreciation Expense – Governmental Activities	$14,511,853
Business-Type Activities:	
Water and Sewer	$ 4,441,803
Law Enforcement Center	250,546
Drainage Utility Fund	138,681
Total Depreciation Expense – Business-Type Activities	$ 4,831,030

Construction Commitments

The general government had outstanding commitments at September 30, 2017, under authorized construction contracts of approximately $9,261,415. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources. These outstanding commitments relate to the major funds.

The MPFDC had outstanding commitments at September 30, 2017, under authorized construction contracts of approximately $1,522,901. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Water and Sewer Fund had outstanding commitments at September 30, 2017, under authorized construction contracts of approximately $3,704,218. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Drainage Fund had outstanding commitments at September 30, 2017, under authorized construction contracts of approximately $10,932. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Law Enforcement Complex Fund had outstanding commitments at September 30, 2017, under authorized construction contracts of approximately $16,537. These outstanding commitments will be financed by proceeds from other funding sources.

Discretely Presented Component Unit

Activity for the MEDC for the year ended September 30, 2017 was as follows:

Mansfield Economic Development Corporation:	Sept 30, 2016	Increases	Decreases	Sept 30, 2017
Capital assets, not being depreciated:				
Land	$7,074,948	$5,106,792	-	$12,181,740
Construction in progress	1,293,468	3,367,876	-	4,661,344
Total capital assets, not being depreciated	8,368,416	8,474,668	-	16,843,084
Capital assets, being depreciated:				
Other Improvements	167,248	-	-	167,248
Machinery and equipment	72,312	-	-	72,312
Total capital assets, being depreciated	239,560	-	-	239,560
Less accumulated depreciation for:				
Other improvements	(67,115)	(3,053)	-	(70,168)
Machinery and equipment	(72,312)	-	-	(72,312)
Total accumulated depreciation	(139,427)	(3,053)	-	(142,480)
Total capital assets being depreciated, net	100,133	(3,053)	-	97,080
MEDC capital assets, net	$8,468,549	$8,471,615	$ -	$16,940,164

The MEDC had outstanding commitments at September 30, 2017 under authorized construction contracts of approximately $5,551,360.

E. Deferred Outflows and Inflows of Resources

The City has four types of deferred outflows of resources. Deferred pension contributions relate to contributions made by the City after the measurement date so they are deferred and recognized in the upcoming fiscal year. Deferred investment losses are the differences in the projected and actual earnings

on the pension assets. This difference is deferred and amortized over a closed five year period. Deferred pension expense is the difference in the expected and actual pension experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred charges on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt.

The City has two types of deferred inflows of resources. Deferred assumption changes relate to the differences in assumptions used from one year to the next year. Deferred rent is the prepaid rent from a lease that will be amortized over 20 years.

F. Due to/Due from

The composition of the due to/due from balances as of September 30, 2017 is as follows:

Fund	Due to	Due from
General Fund	$201,241	$ -
Building Construction	-	21,241
TIRZ #2	-	180,000
TOTAL	$201,241	$201,241

G. Interfund Transfers

The composition of interfund balances as of September 30, 2017 is as follows:

Fund	Transfers In	Transfers Out
General Fund	$1,562,352	$ -
MPFDC	733,236	-
Parks Construction	900,000	-
General Fund	-	372,496
Parks Construction	-	1,260,740
TIRZ #1	-	2,240
Water and Sewer Fund	-	1,321,662
MEDC	-	238,450
TOTAL	$3,195,588	$3,195,588

The General Fund received a transfer from the Water and Sewer Fund for a payment-in-lieu of taxes, $1,321,662, for services provided as part of the City's ordinary government.

Interfund activity from the General Fund, Building Construction Fund, and the non-major funds is for the purpose of purchase, construction, and improvements of fixed assets for government-wide purposes. These transfers are budgeted annually. The unexpended funds within the non-major funds generally are reappropriated upon the adoption of the next fiscal year's budget. These interfund transfers within the Governmental Fund Types are eliminated upon the reporting of government-wide financial statements.

H. Long-Term Debt

Governmental Activities -

General Obligation Bonds, Loans, and Certificates of Obligation

The general obligation bonds, loans, and certificates of obligation are serial and term debt collateralized by the full faith and credit of the City and are payable from property taxes. The debt matures annually in varying amounts through 2041, and interest is payable semiannually. Proceeds of general obligation bonds are recorded in the Capital Projects Funds and are restricted to the use for which they were approved in the bond elections. Certificates of obligation bonds and loan proceeds are recorded in the appropriate fund for which the debt was issued and approved by the City. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures.

In 2013, the City issued $4,200,000 in General Obligation Refunding Bonds, Series 2013, for the purpose of refunding $4,505,000 of the City's outstanding debt. The bonds of $4,200,000 plus premiums of $418,231, less discounts of $26,939 and less issuance costs of $86,000 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $99,624 and resulted in an economic gain of $712,222. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $60,730 at September 30, 2017.

In 2013, the City issued $2,880,000 in General Obligation Refunding Bonds, Series 2013, for the purpose of refunding $2,915,000 of the City's outstanding debt. The bonds of $2,880,000 plus premiums of $120,815, less discounts of $20,667 and less issuance costs of $68,262 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $76,966 and resulted in an economic gain of $464,895. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $41,007 at September 30, 2017.

In 2014, the City issued $16,500,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2014, for the purpose of construction of street improvements and building improvements. The bonds of $16,500,000 plus premiums of $234,249, less discounts of $109,661 and less issuance costs of $125,247 were used to construct and design street improvements and building improvements.

In 2014, the City issued $1,255,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2014A, for the purpose of purchasing equipment and building improvements. The bonds of $1,255,000 plus premiums of $24,276, less discounts of $13,534 and less issuance costs of $10,742 were used to purchase equipment and building improvements.

In 2014, the City issued $6,710,000 in General Obligation Refunding Bonds, Series 2014, for the purpose of refunding $6,610,000 of the City's outstanding debt. The bonds of $6,710,000 plus premiums of $192,313, less discounts of $33,333 and less issuance costs of $103,837 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $153,534 and resulted in an economic gain of $450,680. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $57,579 at September 30, 2017.

In 2015, the City issued $15,870,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2015, for the purpose of construction of street improvements and building improvements.

The bonds of $15,870,000 plus premiums of $2,223,562, less discounts of $100,908 and less issuance costs of $142,655 were used to construct and design street improvements and to purchase equipment.

In 2015, the City issued $11,700,000 in General Obligation Refunding Bonds, Series 2015, for the purpose of refunding $12,940,000 of the City's outstanding debt. The bonds of $11,700,000 plus premiums of $1,773,891, less discounts of $68,304 and less issuance costs of $136,800 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $708,384 and resulted in an economic gain of $1,035,085. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $550,966 at September 30, 2017.

In 2016, the City issued $13,705,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2016, for the purpose of construction of street improvements and building improvements. The bonds of $13,705,000 plus premiums of $2,078,521, less discounts of $86,147 and less issuance costs of $127,374 will be used to construct and design street improvements and to purchase equipment.

In 2016, the City issued $14,885,000 in General Obligation Refunding and Improvements Bonds, Series 2016, for the purpose of refunding $14,475,000 of the City's outstanding debt. The bonds of $14,885,000 plus premiums of $2,510,526, less discounts of $92,270 and less issuance costs of $148,038 were used to refund a portion of the City's outstanding debt and to fund municipal library improvements.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $1,545,218 and resulted in an economic gain of $1,942,477. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $1,416,450 at September 30, 2017.

In 2016, the City issued $3,770,000 in General Obligation Refunding, Series 2016 for the purpose of refunding $3,550,000 of the City's outstanding debt. The bonds of $3,550,000 less discounts of $23,640 and less issuance costs of $54,832 were used to refund a portion of the City's outstanding debt.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $312,126 and resulted in an economic gain of $493,265. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $268,775 at September 30, 2017.

In 2017, the City issued $18,975,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2017, for the purpose of construction of street improvements and building improvements. The bonds of $18,975,000 plus premiums of $696,455 and less issuance costs of $171,455 will be used to construct and design street improvements and to purchase equipment.

In 2017, the City issued $2,960,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2017, for the purpose of construction of a public recreational facility. The bonds of $2,960,000 less discounts of $19,340 and less issuance costs of $85,660 will be used to construct and design a public recreational ice skating facility.

As of September 30, 2017 there was $10,165,000 of defeased debt outstanding related to the General Obligation Bonds.

General obligation debt outstanding at September 30, 2017 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2008 CO	5.00% to 6.25%	2029	12,330,000	$560,000
2008 GO	5.00% to 6.25%	2029	3,105,000	135,000
2009 GO Refunding	3.00% to 4.00%	2022	10,400,000	4,385,000
2011 GO Refunding	2.00% to 4.00%	2022	9,730,000	3,805,000
2011 CO	2.00% to 5.00%	2025	3,090,000	2,390,000
2012 GO Refunding	2.00% to 3.13%	2025	5,855,000	5,540,000
2012 CO	2.00% to 4.00%	2032	3,415,000	2,760,000
2012A CO	3.49% to 4.65%	2032	3,075,000	2,520,000
2013 CO	2.00% to 4.00%	2033	5,335,000	4,505,000
2013 GO Refunding	2.00% to 4.00%	2025	4,200,000	3,085,000
2013A GO Refunding	2.00% to 3.00%	2023	2,880,000	1,925,000
2014 GO Refunding	2.00% to 2.50%	2019	6,710,000	1,430,000
2014 CO	2.50% to 4.38%	2034	16,500,000	15,225,000
2014A CO	2.00% to 4.13%	2034	1,255,000	1,155,000
2015 CO	2.00% to 5.00%	2035	15,870,000	14,700,000
2015 GO Refunding	4.00% to 5.00%	2027	11,700,000	9,440,000
2016 GO Refunding	1.35% to 3.71%	2028	3,770,000	3,700,000
2016 CO	2.00% to 5.00%	2036	13,705,000	13,255,000
2016 GO	2.00% to 5.00%	2036	14,885,000	14,825,000
2016A CO	1.25% to 3.90%	2041	2,960,000	2,960,000
2017 CO	3.00% to 5.00%	2037	18,975,000	18,975,000
TOTAL				$127,275,000

Annual debt service requirements to maturity for general obligation debt, including interest of $43,881,811, are as follows:

Fiscal Year	Principal	Interest	Total
2018	9,330,000	5,027,447	14,357,447
2019	8,965,000	4,730,851	13,695,851
2020	8,865,000	4,419,169	13,284,169
2021	8,735,000	4,092,356	12,827,356
2022	8,405,000	3,763,343	12,168,343
2023-2027	37,735,000	13,760,812	51,495,812
2028-2032	28,045,000	6,566,511	34,611,511
2033-2037	16,515,000	1,466,917	17,981,917
2038-2041	680,000	54,405	734,405
TOTAL	$127,275,000	$43,881,811	$171,156,811

Special Sales Tax Revenue Bonds

The Special Sales Tax Revenue Bonds are special limited obligations of the MPFDC payable from proceeds of an additional ½ of 1% sales and use tax levied by the City. The bonds are serial obligations payable annually in varying amounts with interest payable semiannually. The proceeds of these bonds are to be used for their legal purposes as prescribed in the statutes of the State of Texas.

In 2017, the City issued $8,295,000 in Revenue Improvements Bonds, Series 2017 for the purpose of construction of a public recreational facility. The bonds of $8,295,000 less discounts of $51,500 and less issuance costs of $160,411 will be used to construct and design a public recreational ice skating facility.

As of September 30, 2017 there was $-0- of defeased debt outstanding related to the Sales Tax Revenue Bonds.

Special Sales Tax Revenue and Revenue Refunding Bonds outstanding at September 30, 2017 are as follows:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2007	4.00% to 4.30%	2027	2,200,000	110,000
2012	2.00% to 3.25%	2024	4,995,000	2,510,000
2016	2.00% to 4.00%	2035	6,775,000	6,405,000
2016	1.05% to 4.83%	2040	14,930,000	14,815,000
2016A	1.50% to 2.95%	2041	8,295,000	8,295,000
TOTAL				$32,135,000

Debt service requirements to maturity for Special Sales Tax Revenue Bonds, including interest of $15,252,668, are as follows:

Fiscal Year	Principal	Interest	Total
2018	1,315,000	1,172,721	2,487,721
2019	1,585,000	1,145,655	2,730,655
2020	1,630,000	1,112,737	2,742,737
2021	1,660,000	1,071,383	2,731,383
2022	1,710,000	1,026,492	2,736,492
2023-2027	7,995,000	4,330,098	12,325,098
2028-2032	5,625,000	3,086,532	8,711,532
2033-2037	6,155,000	1,849,128	8,004,128
2038-2041	4,460,000	457,922	4,917,922
TOTAL	$32,135,000	$15,252,668	$47,387,668

Changes in long-term liabilities

Long-term debt activity for the year ended September 30, 2017 was as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
General Obligation Bonds	$ 114,160,000	$ 21,935,000	$ (8,820,000)	$ 127,275,000	$ 9,330,000
Sales Tax Revenue Bonds	24,875,000	8,295,000	(1,035,000)	32,135,000	1,315,000
Deferred Amounts:				-	
Premiums	10,005,768	696,455	(733,808)	9,968,415	465,990
Discounts	(1,067,828)	(70,840)	93,088	(1,045,580)	(85,221)
Total bonds & notes payable	147,972,940	30,855,615	(10,495,720)	168,332,835	11,025,769
Compensated absences	6,893,867	1,629,201	(1,662,145)	6,860,923	1,944,500
Total	$ 154,866,807	$ 32,484,816	$ (12,157,865)	$ 175,193,758	$ 12,970,269
Total Net Pension Liability	$ 15,741,243	1,824,077	-	$ 17,565,320	-

For the governmental activities, compensated absences are generally liquidated by the general fund or the respective special sales tax fund.

Business-Type Activities -

Water and Sewer Fund

The water and sewer fund revenue bonds are payable from the gross revenues of the water and sewer system. Gross revenues are to be used first-to-pay operating and maintenance expenses of the system, and second, to maintain revenue bond funds in accordance with the bond covenants. Remaining revenues may then be used for any lawful purpose. The debt matures annually in varying amounts through 2035, and interest is payable semiannually.

Waterworks and Sewer System Refunding and Revenue Bonds

In 2011, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $104,513 and resulted in an economic gain of $53,332. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $68,759 at September 30, 2017.

In 2012, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $195,970 and resulted in an economic gain of $192,727. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $102,068 at September 30, 2017.

In 2015, the City issued $9,540,000 in Revenue Refunding Bonds, Series 2015 for the purpose of refunding $9,875,000 of the City's outstanding debt. The bonds of $9,540,000 plus premiums of $953,667, less discounts of $49,493 and less issuance costs of $135,100 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $427,370 and resulted in an economic gain of $534,193. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $332,399 at September 30, 2017.

In 2016, the City issued $24,510,000 in Revenue Refunding & Improvements Bonds, Series 2016 for the purpose of refunding $18,430,000 of the City's outstanding debt. The bonds of $24,510,000 plus premiums of $4,057,204, less discounts of $146,376 and less issuance costs of $202,794 were used to refund a portion of the City's outstanding debt along with funding water and sewer infrastructure costs.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $2,788,035 and resulted in an economic gain of $3,081,707. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $2,543,470 at September 30, 2017.

The total amount of defeased debt outstanding related to Water/Sewer Bonds as of September 30, 2017 was $17,400,000.

The total deferred amount on refunding for the water and sewer revenue bonds was $3,046,696 at September 30, 2017.

Water and sewer fund debt outstanding at September 30, 2017 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2008	4.38% to 6.75%	2029	$26,185,000	$1,110,000
2009	3.00% to 4.50%	2030	2,585,000	1,875,000
2011	2.00% to 5.00%	2030	13,995,000	8,875,000
2012	2.00% to 3.00%	2023	2,320,000	1,300,000
2015	2.00% to 5.00%	2027	9,540,000	5,965,000
2016	2.00% to 5.00%	2035	24,510,000	23,010,000
TOTAL				$42,135,000

Debt service requirements to maturity for water and sewer fund debt, including interest of $13,308,462, are as follows:

Fiscal Year	Principal	Interest	Total
2018	4,000,000	1,875,009	5,875,009
2019	3,875,000	1,711,534	5,586,534
2020	3,180,000	1,554,834	4,734,834
2021	3,300,000	1,435,871	4,735,871
2022	3,440,000	1,291,871	4,731,871
2023-2027	15,080,000	4,319,805	19,399,805
2028-2032	7,950,000	1,013,338	8,963,338
2033-2035	1,310,000	106,200	1,416,200
TOTAL	$42,135,000	$13,308,462	$55,443,462

Law Enforcement Center

The Authority issued mortgage revenue bonds in 1989 to construct a 48-bed detention facility and administrative offices, for City use, and a 96-bed detention facility for surrounding agencies use (the Law Enforcement Complex). In 1991, the Authority purchased a 3.2-acre tract of land adjacent to the Law Enforcement Complex with proceeds from a property acquisition note, for future expansion. In 1993, additional mortgage revenue bonds were issued for a 96-bed expansion of the Law Enforcement Center, which was completed in January 1995.

Refunding Bonds

In 2016, the City issued $595,000 in General Obligation Refunding, Series 2016 for the purpose of refunding $555,000 of the City's outstanding debt. The bonds of $595,000 less discounts of $3,731 and less issuance costs of $8,654 were used to refund a portion of the City's outstanding debt.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $49,261 and resulted in an economic gain of $77,850. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $17,456 at September 30, 2017.

Law Enforcement Center Fund debt outstanding at September 30, 2017 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2016 GO	1.35% to 3.71%	2028	595,000	585,000
TOTAL				$585,000

Debt service requirements to maturity for Law Enforcement Center debt, including interest of $110,388, are as follows:

Fiscal Year	Principal	Interest	Total
2018	45,000	16,533	61,533
2019	50,000	15,686	65,686
2020	45,000	14,685	59,685
2021	50,000	13,538	63,538
2022	50,000	12,210	62,210
2023-2027	280,000	36,530	316,530
2028	65,000	1,206	66,206
TOTAL	$585,000	$110,388	$695,388

Drainage Utility Fund

The Drainage Utility Fund revenue bonds are payable from the gross revenues of the drainage utility system. Gross revenues are to be used first to pay operating and maintenance expenses of the system, and second, to maintain revenue bond funds in accordance with the bond covenants. Remaining revenues may then be used for any lawful purpose. The debt matures annually in varying amounts through 2027, and interest is payable semiannually.

In 2012, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $285,920 and resulted in an economic gain of $333,855. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $166,787 at September 30, 2017.

Drainage Utility Fund debt outstanding at September 30, 2017 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2007	4.00% to 4.30%	2027	$2,200,000	$1,320,000
2012	2.00% to 3.13%	2024	3,740,000	2,250,000
TOTAL				$3,570,000

Debt service requirements to maturity for Drainage Utility debt, including interest of $596,913, are as follows:

Fiscal Year	Principal	Interest	Total
2018	405,000	118,070	523,070
2019	420,000	107,770	527,770
2020	430,000	97,070	527,070
2021	440,000	79,750	519,750
2022	460,000	66,710	526,710
2023-2027	1,415,000	127,543	1,542,543
TOTAL	$3,570,000	$596,913	$4,166,913

Changes in business-type activity debt

A summary of business-type activity debt transactions, including activity for the year ended September 30, 2017, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Water/Sewer Revenue Bonds	$ 46,155,000	$ -	$ (4,020,000)	$ 42,135,000	$ 4,000,000
LEC Certificates of Obligation	630,000	-	(45,000)	585,000	45,000
Drainage Utility Revenue Bonds	3,970,000	-	(400,000)	3,570,000	405,000
Deferred Amounts:					
Premiums	4,846,072	-	(304,965)	4,541,107	304,965
Discounts	(278,860)	-	20,814	(258,046)	(20,814)
Total bonds & notes payable	55,322,212	-	(4,749,151)	50,573,061	4,734,151
Compensated absences	1,582,592	815,904	(503,773)	1,894,723	576,651
Total	$ 56,904,804	$ 815,904	$ (5,252,924)	$ 52,467,784	$ 5,310,802
Total Net Pension Liability	$ 5,630,361	652,501	-	$ 6,282,862	-

For financial reporting purposes, the unamortized premiums and discounts have been netted against total bonds outstanding.

The Business-Type Activity long-term debt will be repaid, plus interest, from the operating revenues derived primarily from water sales, sewer service charges, and drainage service charges and from revenues derived from housing other agencies' prisoners or operating transfers from the general fund.

Discretely Presented Component Unit

Mansfield Economic Development Corporation

The Sales Tax Revenue Refunding Bonds are special limited obligations of the MEDC payable from proceeds of an additional ½ of 1% sales and use tax levied by the City. The bonds are serial obligations payable annually in varying amounts with interest payable semiannually.

In 2015, the City issued $2,880,000 in Revenue Refunding Bonds, Series 2015 for the purpose of refunding $2,880,000 of the City's outstanding debt. The bonds of $2,880,000 plus premiums of $171,114, less discounts of $17,011 and less issuance costs of $77,121 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $75,079 and resulted in an economic gain of $291,881. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $52,833 at September 30, 2017.

In 2015, the City issued $5,630,000 in Revenue Refunding Taxable Bonds, Series 2015 for the purpose of refunding $5,305,000 of the City's outstanding debt. The bonds of $5,630,000 less discounts of $32,775 and less issuance costs of $113,738 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $174,946 and resulted in an economic gain of $710,459. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $123,110 at September 30, 2017.

In 2017, the City issued $14,125,000 in Revenue Improvements Bonds, Series 2017 for the purpose of construction of a public recreational facility. The bonds of $14,125,000 plus premiums of $1,141,332, less discounts of $84,063 and less issuance costs of $182,270 will be used to construct and design street improvements and building improvements.

There was $-0- of outstanding defeased debt as September 30, 2017.

The total deferred amount on refunding of the MEDC was $175,943 at September 30, 2017.

MEDC debt outstanding at September 30, 2017 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012	2.00% to 4.00%	2032	$3,090,000	$2,460,000
2015A	0.50% to 3.55%	2024	5,630,000	4,010,000
2015	2.00% to 4.00%	2024	2,880,000	2,070,000
2016	2.00% to 4.00%	2036	14,125,000	13,490,000
TOTAL				$22,030,000

Debt service requirements to maturity for MEDC debt, including interest of $7,031,245, are as follows:

Fiscal Year	Principal	Interest	Total
2018	1,455,000	746,040	2,201,040
2019	1,480,000	714,508	2,194,508
2020	1,510,000	680,366	2,190,366
2021	1,555,000	643,656	2,198,656
2022	1,605,000	592,670	2,197,670
2023-2027	5,870,000	2,157,549	8,027,549
2028-2032	4,865,000	1,201,631	6,066,631
2033-2036	3,690,000	294,825	3,984,825
TOTAL	$22,030,000	$7,031,245	$29,061,245

Changes in MEDC Debt

A summary of MEDC debt transactions, including activity for the year ended September 30, 2017, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
MEDC Revenue Bonds	$9,460,000	$14,125,000	($1,555,000)	$22,030,000	$1,455,000
Deferred Amounts:					
Premiums	148,193	1,141,332	(58,808)	1,230,717	66,653
Discounts	(73,978)	(84,063)	10,611	(147,430)	(11,189)
Total bonds & notes payable	9,534,215	15,182,269	(1,603,197)	23,113,287	1,510,464
Compensated Absences	69,158	30,962	(21,076)	79,044	24,191
Total	9,603,373	15,213,231	(1,624,273)	23,192,331	1,534,655
Total Net Pension Liability	$252,689	$27,136	-	$279,825	

I. Restricted Assets

The restricted assets of the Business-type Activities as of September 30, 2017 included the following legal use restrictions.

Enterprise Fund	Revenue Bond Sinking and Reserve Fund	Bond Construction Fund	Inmate Trust Fund	Total
Water and Sewer Fund	$4,545,479	$8,099,834	$ -	$12,645,313
Law Enforcement Complex	22,368	10,482	99,064	131,914
Drainage Utility	87,178	-	-	87,178
TOTAL	$4,655,025	$8,110,316	$99,064	$12,864,405

The ordinance authorizing the issuance of Water and Sewer System revenue bonds requires that the City establish a sinking fund (Revenue Bond Sinking and Reserve Fund) in an amount not less than the average annual requirement for the payment of principal and interest on all the revenue bonds. At September 30, 2017, the sinking fund balance is sufficient to satisfy such bond ordinance requirements. The bond ordinance also contains provisions, which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and the pledged revenues are equal to or greater than 1.25 times the average annual debt service requirements after giving effect to the proposed additional bonds and any proposed rate increases. In addition, the bond ordinance requires that the annual gross revenues of the Water and Sewer System, less annual operation and maintenance expenses (excluding depreciation and amortization expense), be at least 1.10 times the annual principal and interest requirements of all the outstanding revenue bonds.

The ordinance further requires that the proceeds from the sale of revenue bonds be expended for certain capital improvements to the Water and Sewer System. The unspent proceeds are maintained as restricted assets until such time as needed to fund the Water and Sewer System construction program.

The ordinance authorizing the issuance of the Certificates of Obligation requires that the City establish an interest and sinking fund to provide for principal and interest requirements as they become due.

J. Retirement Plan

Plan Description:

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided:

TMRS provides retirement, disability, and death benefits. Benefits provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2015	**Plan Year 2016**
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms:

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	155
Inactive employees entitled to but not yet receiving benefits	147
Active employees	497
Total	799

Contributions:

The contribution rates for employees in TMRS is 7% of employee gross earnings, and the city matching percentages is 14.62%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Mansfield, Texas, were required to contribute 7% of their gross earnings during the fiscal year. The contribution rates for the City of Mansfield, Texas were 14.14% and 14.62% in calendar years 2016 and 2017 respectively. The City's contributions to TMRS as of September 30, 2017 were $5,155,157 and were equal to the required contributions.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measure as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010

through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Positon (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	$ 133,791,005	$ 112,166,712	$ 21,624,293
Changes for the year:			
Service Cost	6,096,131	-	6,096,131
Interest	9,139,426	-	9,139,426
Change in benefit terms	-	-	-
Difference between expected and actual experience	1,967,131	-	1,967,131
Changes of assumptions	-	-	-
Contributions - employer	-	4,818,294	(4,818,294)
Contributions - employee	-	2,385,294	(2,385,294)
Net investment income	-	7,585,611	(7,585,611)
Benefit payments, including refunds of employee contributions	(2,880,319)	(2,880,319)	-
Administrative expense	-	(85,612)	85,612
Other changes	-	(4,613)	4,613
Net changes	$ 14,322,369	$ 11,818,655	$ 2,503,714
Balance at 12/31/2016	$ 148,113,374	$ 123,985,367	$ 24,128,007

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net position liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 47,962,787	$ 24,128,007	$ 4,756,445

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2017, the City recognized expense of $7,317,639.

At September 30, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to pensions form the following sources:

Schedule of Outflows and Inflows - Current and Future Expense

Due to Liabilities:	Recognition Period (or Amortization yrs)	Total (Inflow) or Outflow of Resources	2016 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
2014 Difference in expected and actual experience actuarial (gains) or losses	4.9001	$ 51,522	$ 10,515	$ 41,007
2015 Difference in expected and actual experience actuarial (gains) or losses	5.7300	$ 138,042	$ 24,091	$ 113,951
2016 Difference in expected and actual experience actuarial (gains) or losses	6.7900	$ 1,967,131	$ 289,710	1,677,421
			$ 324,316	$ 1,832,379
2015 Difference in assumption changes actuarial (gains) or losses	5.7300	(570,461)	(99,557)	(470,904)
			$ (99,557)	$ (470,904)
Due to Assets:				
2014 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	3.000	751,367	250,455	500,912
2015 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	4.000	5,904,249	1,476,062	4,428,187
2016 Difference in projected and actual earnings on actuarial (gains) or losses	5.000	(14,358)	(2,872)	(11,486)
			$ 1,723,645	$ 4,917,613
Total				$ 6,279,088

$3,919,488 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2017	$ 1,948,404
2018	1,948,406
2019	1,697,950
2020	220,836
2021	234,621
Thereafter	228,871
Total	$ 6,279,088

K. Supplemental Death Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected by ordinance to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the fiscal years ended 2017, 2016, and 2015 were $54,588, $49,169, and $43,367, respectively, which equaled the required contributions each year.

L. Other Post-Employment Benefits - OPEB

Plan Description

City employees retiring on TMRS will be provided the opportunity to receive health insurance benefits from the City from the City's existing health care plan. The City established by ordinance a single-employer defined benefit postemployment healthcare plan that covers retired employees of the City. The

City established an irrevocable trust and contracted with an administrator as well as a custodial bank to manage the plan's assets or the retiree's medical benefits.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact: The City of Mansfield, Business Services Division, 1200 East Broad Street, Mansfield, Texas 76063.

Measurement Focus and Basis of Accounting

The City of Mansfield, Texas Retiree Health Insurance Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the determination of the employer.

Benefits

City employees will be provided the opportunity to elect employer-subsidized health programs until the age of 65. Employees and their dependents who retire before the age of 65 with ten years of service and less than 20 years of service are eligible to receive full health insurance coverage as a life time benefit at the same cost of an active employee. Employees and their dependents who retire with 20 years of service are eligible to receive full health insurance coverage as a life time benefit; while their dependents are eligible for full health insurance coverage they must pay the same cost as an active employee for full insurance coverage of their dependents.

At the time of the actuarial valuation, the City had 459 active plan members and 63 retired plan members receiving benefits.

Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the Plan upon retirement. Expenditures for post-retirement healthcare and other benefits are recognized monthly and funded into the irrevocable trust. The City funds 100% of the ARC, which approximates the annual OPEB cost, and totaled $1,494,800 for the fiscal year ended September 30, 2017. The City also funded 100% of the ARC, which approximated the annual OPEB cost, and totaled $1,614,551 and $1,075,045 for each of the fiscal years ended September 30, 2016 and 2015 respectively.

Eligible retired employees participating in the City's Retiree Health Insurance Plan pay their premiums directly to the City. The City paid the ARC, including the employee portions of healthcare premiums directly to the Trust in the amount of $1,494,800 for fiscal year 2017.

Funding

The City makes an annual contribution to the plan approximately equal to the ARC. The City commissioned an updated actuarial valuation of the plan for October 1, 2015 for fiscal year 2016.

The funded status as of October 1, 2016 (unaudited), the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/2016	$8,749,108	$19,901,157	44%	$11,152,049	$35,161,865	31.72%
10/01/2015	6,595,845	19,001,376	35%	12,405,531	35,121,057	35.32%
10/01/2014	5,566,589	12,524,764	44%	6,958,175	30,976,471	22.46%

Note: The City modified its other post-employment health insurance benefit plan to include retirees and their dependents with ten years of service at a cost to be equal to that of an active employee costs. Additionally, the City modified its other post-employment health insurance benefit plan to include the dependents of retirees with 20 years or more of service at a cost equivalent to an active employees dependent cost. The increase in the actuarial accrued liability is attributable to the expanded coverage and increased subsidized cost of the retirees who are eligible to receive post-employment health insurance benefits after meeting the eligibility requirements of retirement.

Actuarial Methods and Assumptions

Actuarial Cost Method - Entry Age Normal

Actuarial Valuation Date - October 1, 2016

Discount Rate - 7%

Amortization method - 30 years, level dollar open amortization

Open amortization means a fresh start each year for the cumulative unrecognized amount.

Healthcare Cost Trends Rates 7% in year one graded downward 1/2% per year to 4.5% in year six and later.

Mortality – RP-2014 Mortality table with improvement scale MP-2016

Retirement Rate –

Attained Age	Rates per 100 Participants
50	3.00
51	1.50
55	7.50
58	10.00
60	25.00
61	10.00
65	100.00

Withdrawal Rate –

Attained Age	Rates per 100 Participants
25	19.50
30	18.80
35	17.68
40	15.90

45	13.42
50	9.74
55	5.18

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

Immediately following the notes, the schedule of funding progress is presented for the Texas Municipal Retirement System plan along with Retiree Health Insurance Other Postemployment Benefits plan.

M. Commitments and Contingencies

Various claims and lawsuits are pending against the City. In the opinion of the City's management, the potential loss on all claims, if any, will not be material to the City's financial statements.

Audits of Grant Activities

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be material to the City's financial statements.

General Equipment Commitments as of September 30, 2017 are as follows:

The City has entered into a general equipment commitment for Public Safety equipment. This lease agreement was entered into June 27, 2012. The amount of the equipment purchased was $2,073,235 to be repaid over a ten-year period at an interest rate of 3.53%. Annual payments subject to annual appropriation are to occur over the next ten years as follows:

Fiscal Year	Annual Payment	Interest	Principal	Remaining Principal
2018	241,153	45,316	195,837	1,087,894
2019	241,153	38,403	202,750	885,144
2020	241,153	31,246	209,907	675,237
2021	241,153	23,836	217,317	457,920
2022	241,153	16,165	224,988	232,932
2023	241,153	8,221	232,932	-
TOTAL	$1,446,918	$163,187	$1,283,731	

N. Contracts with Other Governmental Entities and Other Contracts

Water Supply

Raw water is supplied to the City through a contract between the City and the Tarrant Regional Water District (TRWD). The basic contract, which was renegotiated and approved by the TRWD and the City Council on September 10, 1979, provides for a contract period to run for the life of the bonds, which were issued by the TRWD to provide water to the City and thereafter for the life of the TRWD facilities serving the City. Water is provided to the City from the TRWD Cedar Creek Lake and Richland-Tehuacanna Reservoir. Under the contract, the City has a take-or-pay gallon requirement based on the greater of 1.3 million gallons or the average daily consumption for the previous five-year period. The rate to be charged to the City for raw water is based upon the TRWD cost of debt service, operation and maintenance expenses, and any other miscellaneous expenses in connection with its water supply facilities. These costs will be allocated on a proportionate share based upon actual water consumption of the City in relation to the actual use by the City of Fort Worth and the Trinity River Authority (TRA) after crediting the amount received by the TRWD from water sales to the City of Arlington and other customers. The current rate charged for raw water has been calculated to be $1.27676 per 1,000 gallons, with a total cost of $5,082,946 during fiscal year 2017. It is estimated that the raw water supply available to the City under the contract is adequate for the ultimate development of the City.

In addition, the City has a contract with the City of Arlington to purchase treated water up to 1.0 M.G.D. on a demand basis. The City has the option to renegotiate the Arlington water purchase contract on an as-needed basis.

Sewer Treatment

On August 23, 1974, the City Council approved a contract with the TRA to become a contracting party in the TRA's Central Regional Wastewater System, along with 19 other area cities and the Dallas/Fort Worth International Airport.

The contracting parties have agreed to pay the TRA its net cost of operation and maintenance, including debt service requirements, on the Central System. Payments made by the respective cities are pursuant to authority granted by Article 1109i, Vernon's Annotated Texas Civil Statutes, as amended, and Chapter 30, Texas Water Code, as amended, and constitute operating expenses of their waterworks and sewer systems.

The expense of operating TRA's Central System, including administrative overhead and amounts necessary to pay debt service, is paid monthly by the contracting parties based on a formula of dividing each contracting party's estimated contributing flow to the Central System for such year by the total estimated contributing flow by all contracting parties being served at the beginning of each such year, with a year-end adjustment based on actual metered contributing flow to the Central System by all contracting parties. For fiscal year 2017, the City's cost for sewer treatment under the contract was $5,876,036.

Law Enforcement Complex Housing Commitment

On June 25, 1990, the City entered into an Intergovernmental Agreement Contract (IGA) with the United States Marshal's Service (USMS) to provide for the housing, safekeeping, and subsistence of adult male and female federal prisoners. The City began housing prisoners from the Immigration and Naturalization Service pursuant to the terms and conditions of the USMS contract or IGA. On December 11, 1998, the City and the USMS agreed for the City to house federal prisoners and other related governmental agencies' prisoners at a cost of $46.60 per day, effective June 1, 1999.

On January 1, 2017, the City entered into an IGA with the USMS to provide for the housing, safekeeping, and subsistence of adult male and female federal prisoners. The City began housing prisoners from the Immigration and Naturalization Service pursuant to the terms and conditions of the USMS

contract or IGA. On January 1, 2017, the City and the USMS agreed for the City to house federal prisoners and other related governmental agencies' prisoners at a cost of $66.30 per day, effective January 1, 2017.

On November 1, 2001, the City and the City of Fort Worth, Texas, entered into an agreement under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, for the purpose of housing the City of Fort Worth's prisoners. This contract was renegotiated during fiscal year 2006, and a new agreement was reached between the City and the City of Fort Worth, Texas, commencing on October 1, 2006. The new agreement is an annual agreement that automatically renews for subsequent one-year terms, commencing on October 1 of each year and ending on September 30 of each year for nine (9) years after the Initial Term until September 30, 2016. There are various provisions in the contract defining both the purpose and nature of the duties of the City, and the City of Fort Worth, Texas, in housing the City of Fort Worth, Texas, prisoners. The general terms of the contract agree that the City will collect a monthly fee of $388,969 or $4,667,626 in the first year of the contract. Each subsequent term of the contract, the annual amount will increase 4% per year. There are various provisions in the contract that define additional payments for housing prisoners over a specified cap and a reduction in payments if the population of the prisoners drops below a certain number. These provisions give notice to each party that a material change has occurred in the purpose and management of housing the City of Fort Worth, Texas, prisoners and that adjustments to the terms of the contract should be mutually agreed upon by both parties.

In September 2016, the parties agreed to extend the term of the contract for one year until September 30, 2017 and agreed to various provisions regarding prisoner administration. The time requirement for notification of non-renewal by the City of Fort Worth has been changed from 90 days to 180 days.

In September 2017, the parties agreed to extend the term of the contract for one year until September 30, 2018 and agreed to various provisions regarding prisoner administration. The time requirement for notification of non-renewal by the City of Fort Worth has been changed from 90 days to 180 days.

The Contract is subject to termination by either party upon written notice provided 180 days before any annual renewal date. Upon such notice of intent, neither party is obligated to any further performance or consideration that has not already been rendered. If the City of Fort Worth, Texas, fails to appropriate funds sufficient to fulfill its obligations under this agreement, Fort Worth may terminate this agreement to be effective by whichever effective date is sooner: (1) thirty (30) days following delivery by Fort Worth to the City of written notice of Fort Worth's intent to terminate or (2) the last date for which funding has been appropriated by Fort Worth's City Council for Fort Worth to fulfill its obligations under this Agreement.

If any net losses or capital requirements should arise in the future, the City will be required to make cash advances and/or operating transfers from the general fund to fund these operating and capital requirements. The City cannot reasonably estimate the amounts, if any, of the advances or operating transfers that may be required.

Mansfield National Golf Club

In June 1999, the City entered into an agreement with MPFDC and Evergreen Alliance Golf Limited, L.P., a Delaware limited partnership, to construct an 18-hole golf course. The agreement named the property on which the course was constructed: Mansfield National Golf Club. Mansfield National Golf Club was constructed by Evergreen Alliance Golf Limited, L.P. (Alliance) during FY99 and FY00 on property owned by MPFDC in the City. The Mansfield National Golf Club opened in November 2000. During the course of the construction, Alliance assumed the financial obligation and risk of constructing the course on the MPFDC property. Upon completion of the construction of Mansfield National Golf Club, a long-term lease agreement was entered into by the MPFDC and Alliance to manage and operate the course

for a period of 50 years. In the agreement, Alliance agreed to pay the MPFDC a Base Rent for occupying the property during the term of the Lease. The following summarizes the terms of the base rent:

Lease years 01 through and including 10:	$ 0.00 per lease year
Lease years 11 through and including 20:	$ 50,000 per lease year
Lease years 21 through and including 30:	$100,000 per lease year
Lease years 31 through and including 40:	$125,000 per lease year
Lease years 41 through and including 50:	$175,000 per lease year

The value of the improvements made to the property, subject to and reserving the leasehold rights of Alliance as defined by the agreement, became the vested rights of MPFDC and subsequently the vested rights of the City. The rights of the value of improvements have been used as collateral for financing the cost of constructing the improvements. The improvements or rights of the value of the improvement are not carried or recognized as an asset by the MPFDC. However, upon the dissolution of the lease agreement, the rights of the value of the improvements are to be recognized as an asset by the MPFDC. The MPFDC has the right of first refusal and the authority to approve or disapprove future assignments of the rights made by Alliance. In the event Alliance becomes insolvent, certain remedies are permitted by the agreement and in no circumstance is the MPFDC obligated to or committed to Alliance's creditors.

The City is accruing a lease receivable of $90,000 per year to recognize future rental income over the term of the lease on a straight-line basis.

Sports Park – Big League Dreams

During fiscal year 2008, the City completed the construction of a multipurpose recreational sports park known as "Big League Dreams Mansfield Sports Park," BLDMSP. The City spent $26.4 million on the facility, which includes eight lighted theme baseball/softball fields, one multipurpose facility, open park areas, and administrative offices on 40 acres tract of land.

The City contracted with a Texas Limited Partnership, Big League Dreams Mansfield, L.P., or BLD, to manage, operate, and maintain the park for 40 years effective upon the completion of the construction of BLDMSP. This agreement is referred to as a maintenance and operation agreement. BLD is an affiliate of Big League Dreams USA, LLC, or BLD USA, a California company, which has affiliates in several states including Texas, Arizona, and California. BLD USA also owns the intellectual rights and has a proprietary interest in the Total Image, Name and Marks, and Logo, BLD USA. The City has contracted with BLD USA to use their intellectual rights for BLDMSP through a license agreement. The term of this license agreement is concurrent to the term of the maintenance and operation agreement.

The terms of the agreement give BLD the right to operate and maintain the BLDMSP for an initial term of 30 years with the two separate options of extending the contract for 5 years in periods following the original term of 30 years. BLD is to maintain and operate the park from the use of the facility by the public. BLD is able to charge fees and is to pay for the cost of maintaining, insuring, and operating the park. For the right to maintain, insure, and operate the BLDMSP, BLD is to pay the City a minimum operating fee of $100,000 per year with escalation provisions based upon annual gross revenues achievements. The payments are to commence after a waiver period of at least 12 months.

There are provisions for the termination of this agreement in the event of well-defined circumstances of default by either the City or BLD USA. In the event of an agreed-upon default, the City or BLD has exhaustive rights to remedy or cure the default. There is no right of assignment outside the assignment to an affiliate of either entity.

Water Park – Hawaiian Falls

In fiscal year 2008, the City completed the construction and capitalized the costs of a water park. The cost of the park capitalized was $8.9 million.

To construct, operate, and maintain the water park, the City contracted with Mansfield Family Entertainment, LLC, MFE, commonly referred to as Hawaiian Falls. The term of the agreement is for a period of 40 years with two 5-year renewal options succeeding the term of 40 years. The agreement allows MFE to operate and maintain the park by leasing the water park from City. MFE has the right to charge fees to operate and maintain the park. The City granted a rent holiday or reprieve from annual lease payments for a period of 7 years. However, if the gross receipts generated from the operation of the water park exceed $2,500,000 in any year within the 7-year rent holiday, MFE is to begin paying an annual lease payment of at least 5% of gross revenues thereafter.

By agreement, MFE acknowledges the title of City in and to land constituting the premises and the real property improvements including appurtenances constructed by either party and agrees never to contest such title.

The parent company of Mansfield Family Entertainment, LLC (MFE), Horizon Family Holdings, LLC sold 100% of the interest of Horizon Family Holdings to Source Horizon, LLC. This transaction allows for the ground lease with MFE to continue without disruption.

Fieldhouse

In fiscal year 2017, the City completed construction of an indoor basketball and volleyball facility. The facility will have at least 90,000 square feet and will have space for 8 basketball courts or 12 volleyball courts. The cost of the sports facility capitalized was $12.6 million.

To operate and maintain the basketball and volleyball facility, the City contracted with Mansfield Fieldhouse, LLC, commonly referred to as Fieldhouse. The term of the lease and operating agreement is for a period of 25 years with a first extension period of 10 years and a second extension period of 5 years. Per the lease, Fieldhouse may charge fees in order to maintain and operate the sports facility. Base rent in years 1-5 will be $300,000 per year. Base rent in years 6-25 will be equal to $500,000 per year. Beginning in year 3 of the lease, Fieldhouse will pay 10% of the Gross Revenues in addition to the base rent up to a maximum total payment of $600,000 annually. In years 4-25, Fieldhouse will pay 15% of Gross Revenues in addition to the base rent up to a maximum total rent payment of $600,000 annually. Percentage rents are waived for years 1 & 2 for ramp up of operations.

In the year of the commencement date, the City will annually accrue a lease receivable of $460,000 to recognize future rental income over the term of the lease on a straight-line basis.

Stars Center

In September 2016, the City entered into a lease and operating agreement with DSE Hockey Centers LP to construct, develop, complete and own for public purposes an indoor recreational ice skating rink and sports center. The facility will be approximately 80,000 gross square feet with two ice surfaces.

The lease and operating agreement between the City and DSE Hockey Centers LP is for a 30 year period. DSE Hockey Center, LP prepaid rent and deposits of $1,500,000 and $600,000 respectively as of September 30, 2016 and will pay an additional deposit of $400,000 upon the occupancy of the facility. This amount will be repaid over the next 20 years. The security deposit is recognized as a liability and the prepaid rent is recognized as a deferred inflow of resources to be repaid over the period of 20 years.

The term of the lease is for 30 years and the following summarizes the base rent:

Lease years 01 through and including 05:	$440,000 per lease year;
Lease years 06 through and including 07:	$500,000 per lease year;
Lease years 08 through and including 13:	$600,000 per lease year;
Lease years 14:	$640,000 per lease year;
Lease years 15 through and including 30:	$660,000 per lease year.

Beginning in the fiscal year of lease commencement, the City will accrue $600,000 per year to recognize future rental income over the term of the lease on a straight-line basis.

Mansfield Economic Development Corporation Commitments

The Mansfield Economic Development Corporation was established to promote, encourage and incentivize economic development within the City. Since its inception, the Corporation has promoted industrial and commercial development through incentive agreements that are designed to encourage existing business expansion and new business growth within the City. Since inception, the Corporation has assisted companies in making the City their home by providing economic assistance. In return, those companies have made cumulative capital investments and created jobs within the City.

In continuance of the City's economic development program, the Corporation has made additional commitments to incentivize industry over the next several years. These commitments are generally contingent upon the industry's capital investments and creation of new jobs or other criteria determined by the Corporation. The arrangements vary in amounts and allow for reimbursements for capital costs or expansion costs incurred by the industries. These commitments require stringent performance commitments by the respective industries to qualify for the incentives. To date, the Corporation had made commitments to be administered over the next several years in the amounts of $4.6 million in year 2018, $2.1 million in year 2019, $1.5 million in year 2020, $1.5 million in year 2021, $1.0 million in year 2022 and $0.6 million in year 2023. These commitments and amounts may change from year to year depending upon the performance of the industries, and their ability to meet the performance standards as established by the Corporation. In the event, the Corporation deems the industries performance insufficient, the Corporation can restructure, extend, void or recover the commitments.

Mansfield Tax Increment Financing Reinvestment Zone Number Two Commitments

The Mansfield Tax Increment Financing Reinvestment Zone Number Two's board of directors has committed the TIRZ to reimburse the City for the following expenditures. The expenditures are land acquisition - $962,133, downtown lofts - $2,289,901, parking lot construction - $283,736 and business incentives - $356,855. These funds are anticipated to be paid to the City with future revenue of the TIRZ.

O. Tax Abatements

The City of Mansfield entered into 380 agreements with local businesses under the State of Texas Local Government Code 380. Under the Local Government Code, municipalities may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and stimulate business and commercial activity in the municipality. The abatements may be granted to any business located within or promising to relocate to the City of Mansfield, Texas.

For the fiscal year ended September 30, 2017, the City of Mansfield, Texas abated property and sales taxes totaling $596,766 under this program, including the following tax abatement agreements:

A 100% property tax abatement to a tool manufacturer for building a manufacturing center in the industrial district. The abatement amounted to $536,543.

A 50% property tax abatement for a printing company for expanding a manufacturing center in the industrial district. The abatement amounted to $16,767.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to $43,299.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to $157.

P. Conduit Debt Obligations

In prior years, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

There are no series of Industrial Revenue Bonds outstanding as of the fiscal year-end.

Q. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's general liability and workers' compensation program is managed through the purchase of a policy through a municipal pool that is separately administered. The City's health insurance is administered through an outside provider. The City makes specified contributions for employees and their dependents under this plan. Additionally, the City also offers dental, life insurance, and accidental death and dismemberment plans through an independent provider in which the City makes specified contributions for employees only under these plans. There have been no significant reductions in insurance coverage for any of these programs since last year, and settlements have not exceeded insurance coverage for any of the past three years.

R. Subsequent Events

Bond Issuances

On January 22, 2018, the City issued $2,325,000 in Sales Tax Revenue Bonds, New Series 2018. The purpose of the Sales Tax Revenue Bonds, New Series 2018 is for the design, development, and construction of an administrative facility and the linear park system.

The City issued $3,785,000 in Sales Tax Revenue Bonds, Taxable New Series 2018. The purpose of the Sales Tax Revenue Bonds, Taxable New Series 2018 is for the design, development, and construction of public recreational ice skating facility.

Also, the City issued $6,200,000 in Sales Tax Revenue Bonds, New Series 2018. The purpose of the Sales Tax Revenue Bonds, New Series 2018 is for the acquisition, design, development, and construction of an industrial business park.

On January 22, 2018, the City issued $15,960,000 in Combination Tax and Revenue Certificates of Obligation, Series 2018. The purpose of the Combination Tax and Revenue Certificates of Obligations, Series 2018 are for the design, development, and construction of public infrastructure and acquiring public safety equipment.

S. New Accounting Pronouncements to be implemented after fiscal year 2017

For fiscal year 2017, the City has implemented Statement No. 80 of the financial accounting standards issued by the GASB.

GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2015, the GASB issued Statement No.75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB) This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for financial statements for fiscal years beginning after June 15, 2017. The City is in the process of evaluating the impact of this statement on its financial statements.

In March 2016, the GASB issued Statement No. 81, Irrevocable Split-Interest Agreements. The primary objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement is effective for fiscal years beginning after December 15, 2016. The City is in the process of evaluating the impact of this statement on its financial statements.

In March 2016, the GASB issued Statement No. 82, Pension Issues – An Amendment of GASB No. 67, No. 68, and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for fiscal years beginning after June 15, 2017. The City is in the process of evaluating the impact of this statement on its financial statements.

MANSFIELD
TEXAS

CITY OF MANSFIELD, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SEPTEMBER 30, 2017

Texas Municipal Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

	December 31, 2014	December 31, 2015	December 31, 2016
Total Pension Liability			
Service Cost	$ 5,030,515	5,544,166	6,096,131
Interest (on the Total Pension Liability)	7,925,143	8,685,074	9,139,426
Changes of benefit terms	-	-	-
Difference between expected and actual experience	72,552	162,133	1,967,131
Change of assumptions	-	(670,018)	-
Benefit payments, including refunds of employee contributions	(2,396,267)	(2,461,495)	(2,880,319)
Net Change in Total Pension Liability	10,631,943	11,259,860	14,322,369
Total Pension Liability - Beginning	111,899,202	122,531,145	133,791,005
Total Pension Liability - Ending (a)	$ 122,531,145	$ 133,791,005	$ 148,113,374
Plan Fiduciary Net Position			
Contributions - Employer	$ 4,469,146	4,630,258	4,818,294
Contributions - Employee	2,108,088	2,236,839	2,385,294
Net Investment Income	5,606,309	158,951	7,585,611
Benefit payments, including refunds of employee contributions	(2,396,267)	(2,461,495)	(2,880,319)
Administrative Expense	(58,519)	(96,800)	(85,612)
Other	(4,811)	(4,781)	(4,613)
Net Change in Plan Fiduciary Net Position	9,723,946	4,462,972	11,818,655
Plan Fiduciary Net Position - Beginning	97,979,794	107,703,740	112,166,712
Plan Fiduciary Net Position - Ending (b)	107,703,740	112,166,712	123,985,367
Net Pension Liability - Ending (a-b)	$ 14,827,405	21,624,293	24,128,007
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.90%	83.84%	83.71%
Covered Payroll	$ 30,115,541	31,954,849	34,075,932
Net Position Liability as a Percentage of Covered Employee Payroll	49.24%	67.67%	70.81%

Note: GASB 68 requires 10 years of data to be provided in this schedule. As of September 30, 2017, only 3 years are included and additional years will be added as the information becomes available.

Schedule of Contributions
Last 10 Years (will ultimately be displayed)

	September 30, 2017	September 30, 2016	September 30, 2015
Actuarially Determined Contribution	$ 5,155,157	$ 5,048,183	$ 4,595,653
Contributions in relation to the actuarially determined contribution	5,155,157	5,048,183	4,595,653
Contribution deficiency (excess)	-	-	-
Covered Payroll	$ 35,161,865	$ 35,121,057	$ 30,976,471
Contribtions as a Percentage of Covered Employee Payroll	14.66%	14.37%	14.84%

Note: GASB 68 requires 10 years of data to be provided in this schedule. As of September 30, 2017, only 3 years are included and additional years will be added as the information becomes available.

Deferred Outflows and Inflows of Resources

	Governmental Activities	Business-type Activities	Total	Component Unit	Total Deferred Outflows and Inflows
Deferred Outflows:					
Deferred pension contributions	$ 2,855,536	$ 1,021,472	$ 3,877,008	$ 42,480	$ 3,919,488
Deferred investment losses	3,567,409	1,291,269	4,858,678	58,935	4,917,613
Deferred actuarial experience	1,334,760	477,572	1,812,332	20,047	1,832,379
Deferred loss on refunding	3,266,180	3,213,483	6,479,663	175,944	6,655,607
	$ 11,023,885	$ 6,003,796	$ 17,027,681	$ 297,406	$ 17,325,087
Deferred Inflows:					
Deferred loss on refunding	-	(17,456)	(17,456)	-	(17,456)
Deferred assumption changes	(341,202)	(124,183)	(465,385)	(5,519)	(470,904)
Deferred rent	(1,500,000)	-	(1,500,000)	-	(1,500,000)
	$ (1,841,202)	$ (141,639)	$ (1,982,841)	$ (5,519)	$ (1,988,360)

Notes to Schedule of Contributions

Valuation Date:

Notes: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions used to determine Contribution Rates:

Actuarial Cost Method Entry:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	29 years
Asset Valuation Method:	10 Year smoothed market; 15% soft corridor
Inflation:	2.5%

Salary Increases:	3.50% to 10.5% including inflation
Investment Rate of Return:	6.75%
Retirement Age:	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality:	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

Retiree Health Insurance Other Postemployment Benefits
Schedule of Funding Progress - Unaudited

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percentage Funded (1)/(2)	Unfunded AAL (2)-(1)	Annual Covered Payroll	Unfunded AAL as Percentage of Covered Payroll (4)/(5)
Oct 1, 2016	$8,749,108	$19,001,157	46%	$10,252,049	$35,161,865	31.72%
Oct 1, 2015	6,595,845	19,001,376	35%	12,405,531	35,121,057	35.32%
Oct 1, 2014	5,566,589	12,524,764	44%	6,958,175	30,976,471	22.46%

Note: ARC of $1,494,800 for fiscal year 2017 as of September 30, 2017 is based on the current practice of funding the plan in a segregated GASB-qualified trust.

Required Supplementary Information - Unaudited

City of Mansfield, Texas
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Property	$ 27,605,908	$ 27,605,908	$ 26,950,057	$ (655,851)
Sales	10,409,957	10,409,957	10,800,106	390,149
Franchise	3,867,598	3,867,598	3,639,663	(227,935)
Mixed drink	180,031	180,031	188,624	8,593
Licenses and permits	1,473,181	1,473,181	1,759,695	286,514
Charges for services	4,157,958	4,157,958	4,764,006	606,048
Fines	2,286,617	2,286,617	1,840,769	(445,848)
Interest earnings	8,000	8,000	88,435	80,435
Intergovernmental	-	-	632,317	632,317
Miscellaneous	1,011,029	1,011,029	950,805	(60,224)
Total revenues	51,000,279	51,000,279	51,614,477	614,198
EXPENDITURES				
Current:				
General Government:	11,807,952	11,807,952	11,952,386	(144,434)
Public safety	29,479,132	29,479,132	30,308,335	(829,203)
Public works	4,541,657	4,541,657	4,244,277	297,380
Culture and recreation	4,536,781	4,536,781	4,291,402	245,379
Capital outlay:				
Land	-	-	409,408	(409,408)
Improvements other than buildings	-	-	120,347	(120,347)
Equipment	-	-	109,487	(109,487)
Total expenditures	50,365,522	50,365,522	51,435,642	(1,070,120)
Excess of expenditures over revenues	634,757	634,757	178,835	(455,922)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,208,513	1,208,513	1,562,352	353,839
Transfers out	(1,843,270)	(1,843,270)	(372,496)	1,470,774
Sale of city property	-	-	30,359	30,359
Total other financing sources and uses	(634,757)	(634,757)	1,220,215	1,854,972
Net change in fund balances	-	-	1,399,050	1,399,050
Fund balances - beginning	13,076,981	13,076,981	13,076,981	-
Fund balances - ending	$ 13,076,981	$ 13,076,981	$ 14,476,031	$ 1,399,050

See accompanying notes to required supplementary information.

CITY OF MANSFIELD, TEXAS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2017

Stewardship, compliance, and accountability

Budgetary information

As set forth in the City Charter, the City Council adopts an annual budget prepared in accordance with GAAP. The City Manager may transfer part or all of any unencumbered appropriation balance among programs within a specific fund; however, any revisions that alter the total expenditures of the fund must be approved by the City Council. The City, for management purposes, adopts budgets for all funds except Special Revenue, Trust and Agency, and Capital Projects, which the use of these funds is legally restricted for a designated purpose. Legal budgets are adopted for the General Fund and the Debt Service Funds; the legal level of control is the fund level.

The City is prohibited from deficit spending as defined by the City's Charter. The City's General Fund balance as of September 30, 2017 is $14,476,031.

The Capital Projects are funded through the issuance of general obligation debt authorized for a specific purpose. Trust Funds are restricted by legal authorization, which created the trust. Agency Funds are used to account for assets held for other funds, governments, or individuals and are custodial in nature.

All unused appropriations, except appropriations for capital expenditures, lapse at the close of the fiscal year to the extent they have not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if three (3) years pass without any disbursement from or encumbrance of the appropriation. Revenues in the general fund were more than budget by $614,198 and expenditures were more than budget by $1,070,120, which was offset by other financing sources (uses), which were more than budget by $1,854,972.

Supplementary Information

Non-major Governmental Funds

Special Revenue Fund

Mansfield Parks Facility Development Corporation – This fund is used to account for the half-cent sales tax, approved by the voters, for parks land acquisition.

Other Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to be expended for particular purposes. The following funds are combined into a single column for reporting purposes.

- Grants Fund – This fund is used to account for contributions or gifts of cash or other assets from another government to be used or expended for a specific purpose, activity, or facility.
- COPS Grant Fund – This fund is used to account for the purchase of equipment used to reduce crime and improve public safety.
- Police Fund – This fund is used to account for contributions or drug forfeitures that are restricted to expenditure for police drug enforcement or the operations of the specific activity receiving the donation.
- Mansfield Municipal Court Fund – This fund is used to account for revenues that are restricted to promote child safety awareness in the community and to provide a safe and secure courtroom environment for all court participants.
- Hotel/Motel Tax Fund – This fund is used to account for Hotel/Motel tax revenues that are restricted to expenditure for the promotion of tourism, historical preservation, and the performing arts in the City.
- Tree Mitigation Fund – This fund is used to account for revenues that are restricted to expenditure for the preservation of trees and tree replacement in the City.
- Library Fund – This fund is used to account for contributions or gifts from individuals to be used or expended for Library operations, primarily for the purchase of books.
- Animal Control – This fund is used to account for contributions to be used for special medical needs and spaying/neutering assistance for adoptable animals.

Debt Service Fund

Mansfield Parks Facility Development Corporation Debt Service – This fund is used to account for the principal and interest payments on the MPFDC outstanding bonds.

Capital Projects Funds

Equipment Replacement Fund – This fund is used to account for the acquisition of vehicles, machinery, and equipment for use by City departments.

Parks Construction Fund – This fund is used to account for the construction of new parks within the City.

TIRZ #2 Fund – This fund is used to account for the revitalization of the City’s Historic Downtown.

City of Mansfield, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2017

	Special Revenue			Debt Service	Capital Projects				
	Mansfield Parks Facility Development Corporation	Other Special Revenue Funds	Total	MPFDC Debt Service	TIRZ #2	Equipment Replacement	Parks Construction	Total	Total Nonmajor Governmental Funds
ASSETS									
Cash, cash equivalents and investments	$ 7,906,503	$ 1,337,871	$ 9,244,374	$ 424,067	$ 66,394	$ 115,290	$ 2,269,777	$ 2,451,461	$ 12,119,902
Accounts receivable, net	745,173	182,007	927,180	-	-	-	-	-	927,180
Total assets	$ 8,651,676	$ 1,519,878	$ 10,171,554	$ 424,067	$ 66,394	$ 115,290	$ 2,269,777	$ 2,451,461	$ 13,047,082
LIABILITIES									
Accounts payable	$ 777,413	$ 62,433	$ 839,846	$ -	$ -	$ -	$ 99,143	$ 99,143	$ 938,989
Due to other funds	-	-	-	-	180,000	-	-	180,000	180,000
Accrued liabilities	622,750	2,599	625,349	-	-	-	-	-	625,349
Retainage payable	-	-	-	-	-	-	59,077	59,077	59,077
Unearned revenue	1,829,610	-	1,829,610	-	-	-	-	-	1,829,610
Total liabilities	3,229,773	65,032	3,294,805	-	180,000	-	158,220	338,220	3,633,025
FUND BALANCES									
Restricted	2,586,825	23,121	2,609,946	424,067	(113,606)	115,290	2,111,557	2,113,241	5,147,254
Committed	2,835,078	1,250,545	4,085,623	-	-	-	-	-	4,085,623
Assigned	-	181,180	181,180	-	-	-	-	-	181,180
Total fund balances	5,421,903	1,454,846	6,876,749	424,067	(113,606)	115,290	2,111,557	2,113,241	9,414,057
Total liabilities and fund balances	$ 8,651,676	$ 1,519,878	$ 10,171,554	$ 424,067	$ 66,394	$ 115,290	$ 2,269,777	$ 2,451,461	$ 13,047,082

City of Mansfield, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2017

	Special Revenue			Debt Service	Capital Projects				
	Mansfield Parks Facility Development Corporation	Other Special Revenue Funds	Total	MPFDC Debt Service	TIRZ #2	Equipment Replacement	Parks Construction	Total	Total Nonmajor Governmental Funds
REVENUE									
Taxes	$ 3,355,694	$ 754,665	$ 4,110,359	$2,044,358	$ 62,732	$ -	$ -	$ 62,732	$ 6,217,449
Impact fees	411,250	-	411,250	-	-	-	-	-	411,250
Gas royalty	215,043	-	215,043	-	-	-	-	-	215,043
Charges for services	1,008,433	-	1,008,433	-	-	-	-	-	1,008,433
Fines and forfeitures	-	131,715	131,715	-	-	-	-	-	131,715
Investment earnings	47,238	4,161	51,399	-	-	68	-	68	51,467
Intergovernmental	16,061	-	16,061	-	-	-	-	-	16,061
Contribution & donations	25,893	18,146	44,039	-	-	-	-	-	44,039
Miscellaneous	151,970	1,247	153,217	12,946	-	-	2,346	2,346	168,509
Total revenues	5,231,582	909,934	6,141,516	2,057,304	62,732	68	2,346	65,146	8,263,966
EXPENDITURES									
Current:									
General government	-	843,621	843,621	-	180,000		-	180,000	1,023,621
Culture and recreation	3,817,158	-	3,817,158	-	-	-	-	-	3,817,158
Public safety	-	182,664	182,664	-	-	113,444	-	113,444	296,108
Debt service:									
Principal retirement	-	-	-	1,035,000	-	-	-	-	1,035,000
Interest	-	-	-	1,124,260	-	27	-	27	1,124,287
Fiscal charges				3,800				-	3,800
Bond issuance cost	-	-	-	11,795	-	10,085	-	10,085	21,880
Capital outlay:									
Land	186,426	-	186,426	-	-	-	-	-	186,426
Buildings	159,107	525,189	684,296	-	-	-	6,224,595	6,224,595	6,908,891
Improvements (not buildings)	84,347	-	84,347	-	-	-	-	-	84,347
Equipment	90,568	26,365	116,933	-	-	989,773	30,988	1,020,761	1,137,694
Parks	3,723,887	-	3,723,887	-	-	-		-	3,723,887
Total expenditures	8,061,493	1,577,839	9,639,332	2,174,855	180,000	1,113,329	6,255,583	7,548,912	19,363,099
Excess (deficiency) of revenues over (under) expenditures	(2,829,911)	(667,905)	(3,497,816)	(117,551)	(117,268)	(1,113,261)	(6,253,237)	(7,483,766)	(11,099,133)
OTHER FINANCING SOURCES (USES)									
Transfers in:									
Parks Construction	360,740	-	360,740	-	-	-	-	-	360,740
MPFDC							900,000	900,000	900,000
General Fund	372,496	-	372,496	-	-	-	-	-	372,496
Transfers out:									
MPFDC	-	-	-	-	-	-	(360,740)	(360,740)	(360,740)
Parks Construction	(900,000)	-	(900,000)	-	-	-	-	-	(900,000)
Sale of city property	6,845	1,323	8,168	-	-	16,512	-	16,512	24,680
Bonds issued	-	-	-	218,089	-	1,119,038	-	1,119,038	1,337,127
Premiums on bonds issued	-	-	-	-	-	41,073	-	41,073	41,073
Total other financing sources	(159,919)	1,323	(158,596)	218,089	-	1,176,623	539,260	1,715,883	1,775,376
Net change in fund balances	(2,989,830)	(666,582)	(3,656,412)	100,538	(117,268)	63,362	(5,713,977)	(5,767,883)	(9,323,757)
Fund balances beginning	8,411,733	2,121,428	10,533,161	323,529	3,662	51,928	7,825,534	7,881,124	18,737,814
Fund balances ending	$ 5,421,903	$1,454,846	$ 6,876,749	$ 424,067	$ (113,606)	$ 115,290	$2,111,557	$2,113,241	9,414,057

City of Mansfield, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual
Debt Service Fund
For the Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Property taxes	$ 13,349,613	$ 13,349,613	$ 13,962,963	$ 613,350
Investment earnings	-	-	2,736	2,736
Miscellaneous	-	-	17,993	17,993
Total revenues	13,349,613	13,349,613	13,983,692	634,079
EXPENDITURES				
Debt service:				
Principal	8,820,000	8,820,000	8,820,000	-
Interest	4,529,613	4,529,613	4,993,351	(463,738)
Fiscal charges	-	-	18,328	(18,328)
Issuance Costs	-	-	12,460	(12,460)
Total expenditures	13,349,613	13,349,613	13,844,139	(494,526)
Excess (deficiency) of revenues over (under) expenditures	-	-	139,553	139,553
Net changes in fund balance	-	-	139,553	139,553
Fund balances beginning	483,024	483,024	483,024	-
Fund balances ending	$ 483,024	$ 483,024	$ 622,577	$ 139,553

City of Mansfield, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual
Mansfield Parks Facilities Development Corporation Debt Service Fund
For the Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Sales taxes	$ 1,941,171	$ 1,941,171	$ 2,044,358	$ 103,187
Other Financing Source	-	-	12,946	12,946
Total revenues	1,941,171	1,941,171	2,057,304	116,133
EXPENDITURES				
Debt service:				
Principal	1,035,000	1,035,000	1,035,000	-
Interest	906,171	906,171	1,124,260	218,089
Fiscal charges	-	-	3,800	3,800
Issuance Costs	-	-	11,795	11,795
Total expenditures	1,941,171	1,941,171	2,174,855	(233,684)
Excess (deficiency) of revenues over (under) expenditures	-	-	(117,551)	(117,551)
OTHER FINANCES SOURCES (USES)				
Refunding bonds issued	-	-	218,089	(218,089)
Total other financing sources (uses)	-	-	218,089	(218,089)
Net changes in fund balance	-	-	100,538	100,538
Fund balances beginning	323,529	323,529	323,529	-
Fund balances ending	$ 323,529	$ 323,529	$ 424,067	$ 100,538

City of Mansfield, Texas
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2017

	Beginning	Additions	Deletions	Ending
ASSETS				
Cash and cash equivalents	$ 986,170	$ 15,074,399	$ 15,122,270	$ 938,299
Total Assets	$ 986,170	$ 15,074,399	$ 15,122,270	$ 938,299
LIABILITIES				
Insurance Payable	$ 986,170	$ 15,074,399	$ 15,122,270	$ 938,299
Total Liabilities	$ 986,170	$ 15,074,399	$ 15,122,270	$ 938,299

City of Mansfield, Texas
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
September 30, 2017

Governmental funds capital assets:		
Land	$	100,908,564
Buildings		84,738,073
Other Improvements		21,019,625
Vehicles, Machinery, and Equipment		26,326,943
Infrastructure		356,658,071
Construction In Progress		40,040,095
Total Capital Assets	$	629,691,371

Investments in governmental funds capital assets by source:		
General Obligation Bonds	$	285,644,294
Intergovernmental Revenues		4,020,240
Current Revenue		16,733,374
Special Revenues		12,306,498
Developer Revenue		6,123,005
Contributions		304,863,960
Total Investment In Capital Assets	$	629,691,371

City of Mansfield, Texas
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
September 30, 2017

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government:							
Administration				$ 136,565			$ 136,565
City secretary/legal				118,509			118,509
Personnel				55,334			55,334
Finance				9,679			9,679
Accounting/budget/purchasing				22,395			22,395
Tax assessing				12,806			12,806
Information services				1,035,219			1,035,219
Planning and development				147,227			147,227
Engineering				85,331			85,331
Code enforcement				135,672			135,672
Building inspection				50,073			50,073
General government buildings	14,632,111	62,556,394	240,167	404,644		8,000	77,841,316
Total general government	14,632,111	62,556,394	240,167	2,213,454	-	8,000	79,650,126
Public safety:							
Police		3,549,920	46,159	10,063,892			13,659,971
Fire		887,589	8,851	8,541,530			9,437,970
Municipal court	282,234			227,873			510,107
Animal control		987,426	83,291	149,488			1,220,205
Total public safety	282,234	5,424,935	138,301	18,982,783	-	-	24,828,253
Culture and recreation							
Parks and recreation	3,420,701	16,756,744	20,455,442	1,711,202		17,938,190	60,282,279
Senior citizens			3,000	129,677			132,677
Library	410,001		169,639	888,512			1,468,152
Land maintenance				195,166			195,166
Building maintenance			13,076	145,926			159,002
Total culture and recreation	3,830,702	16,756,744	20,641,157	3,070,483	-	17,938,190	62,237,276
Public works:							
Streets	82,163,517			2,060,223	356,658,071	22,093,905	462,975,716
Total public works	82,163,517	-	-	2,060,223	356,658,071	22,093,905	462,975,716
Total governmental funds capital assets	$ 100,908,564	$ 84,738,073	$ 21,019,625	$ 26,326,943	$ 356,658,071	$ 40,040,095	$ 629,691,371

City of Mansfield, Texas
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function And Activity
For the fiscal year ended September 30, 2017

Function and Activity	Governmental Funds Capital Assets, September 30, 2016	Additions	Deductions	Governmental Funds Capital Assets, September 30, 2017
General government				
Administration	$ 630,260	$ 11,188		$ 641,448
City secretary/legal	118,509			118,509
Personnel	55,334			55,334
Finance	9,679			9,679
Accounting/budget/purchasing	22,395			22,395
Tax assessing	12,806			12,806
Information services	1,011,219	24,000		1,035,219
Planning and development	154,227			154,227
Engineering	85,331			85,331
Code enforcement	135,672			135,672
Building inspection	50,073			50,073
General government buildings	28,242,647	1,069,143		29,311,790
Total general government	30,528,152	1,104,331	-	31,632,483
Public safety:				
Police	13,149,061	586,904	476,057	13,259,908
Fire	16,521,554	448,126		16,969,680
Municipal court	227,873			227,873
Animal control	1,622,588	35,274		1,657,862
Total public safety	31,521,076	1,070,304	476,057	32,115,323
Culture and recreation				
Parks and recreation	75,383,216	22,612,000	54,423	97,940,793
Senior citizens	132,677			132,677
Library	4,088,665	9,265		4,097,930
Land maintenance	247,527			247,527
Building maintenance	810,454			810,454
Total culture and recreation	80,662,539	22,621,265	54,423	103,229,381
Public works:				
Streets	444,632,067	18,082,117		462,714,184
Total public works	444,632,067	18,082,117	-	462,714,184
Total governmental funds capital assets	$ 587,343,834	$ 42,878,017	$ 530,480	$ 629,691,371

MANSFIELD ECONOMIC DEVELOPMENT CORPORATION

City of Mansfield, Texas
Balance Sheet
Mansfield Economic Development Corporation
As of September 30, 2017

ASSETS		
Cash and investments	$	1,921,573
Receivables (net of allowance for uncollectibles)		415,711
Restricted cash and investments		13,333,119
Total assets	$	15,670,403
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$	375,314
Accrued liabilities		142,329
Total liabilities		517,643
Fund balances:		
Reserved for capital projects		13,333,119
Unreserved, undesignated		1,819,641
Total fund balances		15,152,760
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,940,164
Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses.		297,406
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(23,472,156)
Deferred inflows of resources represent a return of net position that applies to future periods and will not be recognized as an inflow until then. Deferred inflows are deferred assumption changes.		(5,519)
Net position of governmental activities	$	8,912,655

City of Mansfield, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Mansfield Economic Development Corporation
September 30, 2017

REVENUES		
Sales taxes	$	5,400,053
Interest		53,019
Miscellaneous		74,947
Total revenues		5,528,019
EXPENDITURES		
Current:		
Administration		975,226
Projects		5,044,040
Debt service:		
Principal		1,555,000
Interest		643,573
Bond issuance cost		191,770
Capital outlay:		
Land		5,106,793
Total expenditures		13,516,402
Excess (deficiency) of revenues over (under) expenditures		(7,988,383)
OTHER FINANCING SOURCES (USES)		
Bonds issued		14,125,000
Premium on bonds issued		1,141,332
Discount on bonds issued		(84,063)
Transfers out		(238,450)
Total other financing sources (uses)		14,943,819
Net change in fund balance		6,955,436
Fund balance beginning		8,197,324
Fund balance ending	$	15,152,760

City of Mansfield, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
Mansfield Economic Development Corporation
to the Statement of Activities
For the Year Ended September 30, 2017

Amounts reported for the MEDC in the statement of activities are different because:

Net change in fund balances MEDC	$	6,955,436
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		8,471,615
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		-
Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses.		(28,400)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the treatment of long-term debt and related items. Also, included is net pension liability which is the difference in Total Pension Liabilty less the Plan Fiduciary Net Position.		(13,616,094)
Deferred inflows of resources represent a return of net position that applies to future periods and will not be recognized as an inflow until then. Deferred inflows are deferred assuimption changes.		1,079
Changes in net position of governmental activities	$	1,783,636

CITY OF MANSFIELD, TEXAS

STATISTICAL SECTION

SEPTEMBER 30, 2017

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends Page 101– 107

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity Page 108 – 111

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.

Capacity Page 112 – 116

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information Page 117 – 118

These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.

Operating Information Page 119 – 121

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services that the City provides and the activities it performs.

City of Mansfield, Texas
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	$ 226,079	$ 226,416	$ 224,555	$ 225,083	$ 225,017	$ 211,270	$ 210,130	$ 221,995	$ 230,900	$ 238,473
Restricted	1,815	721	1,037	619	490	15,520	29,294	33,782	36,146	32,960
Unrestricted	4,064	6,806	7,269	7,953	9,275	7,967	8,589	1,555	1,906	1,405
Total governmental activities net position	$ 231,958	$ 233,943	$ 232,861	$ 233,655	$ 234,782	$ 234,757	$ 248,013	$ 257,332	$ 268,952	$ 272,838
Business-type activities:										
Net investment in capital assets	$ 103,077	$ 107,442	$ 111,276	$ 112,164	$ 115,837	$ 105,677	$ 119,190	$ 132,273	$ 135,623	$ 144,313
Restricted	3,792	4,280	4,246	4,331	4,320	18,108	12,548	12,817	16,516	12,842
Unrestricted	7,996	9,049	10,625	17,657	20,683	24,992	21,833	13,375	18,249	23,136
Total business-type activities net position	$ 114,865	$ 120,771	$ 126,147	$ 134,152	$ 140,840	$ 148,777	$ 153,571	$ 158,465	$ 170,388	$ 180,291
Primary government:										
Net investment in capital assets	$ 329,156	$ 333,858	$ 335,831	$ 337,247	$ 340,854	$ 316,947	$ 329,320	$ 354,268	$ 366,523	$ 382,786
Restricted	5,607	5,001	5,283	4,950	4,810	33,628	41,842	46,599	52,662	45,802
Unrestricted	12,060	15,855	17,894	25,610	29,958	32,959	30,422	14,930	20,155	24,541
Total primary government net position	$ 346,823	$ 354,714	$ 359,008	$ 367,807	$ 375,622	$ 383,534	$ 401,584	$ 415,797	$ 439,340	$ 453,129

City of Mansfield, Texas
Changes in Net Position of Governmental and Business Type Activities
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	$ 9,630	$ 6,574	$ 6,142	$ 6,196	$ 6,686	$ 8,397	$ 10,759	$ 11,647	$ 11,753	$ 14,433
Public safety	18,513	20,227	20,515	21,539	22,640	24,725	26,458	28,058	30,909	31,997
Public works	12,303	15,054	14,027	14,579	15,115	14,852	13,682	13,765	15,017	15,237
Culture and recreation	6,628	7,898	8,195	7,762	8,488	8,281	8,529	8,268	9,500	10,348
Interest on long-term debt	5,176	5,424	5,318	5,138	4,461	4,317	4,505	4,844	5,345	6,345
Total governmental activities expenses	$ 52,250	$ 55,177	$ 54,197	$ 55,214	$ 57,390	$ 60,572	$ 63,933	$ 66,582	$ 72,524	$ 78,360
Business-type activities:										
Water	11,140	12,019	11,567	13,112	14,441	15,838	17,308	17,431	18,394	19,714
Sewer	3,360	3,950	4,216	5,246	6,112	4,913	5,730	6,120	6,915	6,935
Law enforcement center	7,484	8,241	8,018	8,373	8,712	9,836	10,070	10,357	10,882	11,886
Drainage	846	941	870	863	752	1,103	1,371	1,150	1,155	1,210
Total business-type activities expenses	22,830	25,151	24,671	27,594	30,017	31,690	34,479	35,058	37,346	39,745
Total primary government expenses	$ 75,080	$ 80,328	$ 78,868	$ 82,808	$ 87,407	$ 92,262	$ 98,412	$ 101,640	$ 109,870	$ 118,105
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 4,819	$ 4,593	$ 3,659	$ 4,263	$ 4,627	$ 4,993	$ 4,712	$ 5,104	$ 5,681	$ 5,485
Public safety	1,317	1,593	1,747	2,325	2,394	2,789	3,278	3,606	3,325	3,547
Public works	1,529	974	708	1,061	1,610	2,216	4,369	3,216	3,051	2,792
Culture and recreation	1,619	939	844	779	1,188	1,552	1,935	2,318	2,030	1,938
Operating grants and contributions	653	432	613	365	442	187	348	557	767	744
Capital grants and contributions	4,066	3,495	771	1,125	539	245	11,962	13,380	8,236	3,358
Total governmental activities program revenues	14,003	12,026	8,342	9,918	10,800	11,982	26,604	28,181	23,090	17,864
Business-type activities:										
Charges for services:										
Water	14,060	15,137	14,821	18,144	17,437	19,577	18,365	20,287	22,178	23,611
Sewer	5,045	5,918	6,288	8,250	8,220	8,601	9,267	9,790	10,864	11,533
Law enforcement center	7,261	7,346	6,483	6,697	8,025	9,322	10,114	9,577	10,422	11,450
Drainage	1,075	1,209	1,203	1,352	2,079	1,302	1,310	1,310	2,289	2,494
Operating grants and contributions	126	92	-	-	-	505	273	452	-	-
Capital grants and contributions	1,140	1,910	417	549	239	532	1,701	2,221	4,161	1,648
Total business-type activities program revenues	28,707	31,612	29,212	34,992	36,000	39,839	41,030	43,637	49,914	50,736
Total primary government program revenues	$ 42,710	$ 43,638	$ 37,554	$ 44,910	$ 46,800	$ 51,821	$ 67,634	$ 71,818	$ 73,004	$ 68,600

General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 26,606	$ 29,004	$ 30,366	$ 30,514	$ 30,823	$ 31,389	$ 33,244	$ 35,307	$ 38,341	$ 41,638
Sales taxes	10,582	10,638	10,718	10,894	11,699	12,196	13,593	14,564	15,492	16,200
Franchise taxes	2,849	3,048	3,158	3,514	3,537	3,477	3,659	3,821	3,782	3,640
Mixed drink taxes	105	126	118	120	101	107	160	174	179	189
Hotel/motel taxes	253	387	290	419	508	551	651	717	754	755
Unrestricted investment earnings	1,298	148	2	4	16	32	24	27	114	230
Gas royalty income	347	861	379	1,249	541	788	722	24	9	238
Gain on sale of capital assets	(10)	11	-	34	36	250	17	(8)	1,659	(68)
Transfers	1,144	913	(259)	(558)	354	(226)	810	919	723	1,560
Total governmental activities	$ 43,174	$ 45,136	$ 44,772	$ 46,190	$ 47,615	$ 48,564	$ 52,880	$ 55,545	$ 61,053	$ 64,382
Business-type activities:										
Property taxes	494	578	568	571	571	473	-	-	-	63
Unrestricted investment earnings	525	120	7	4	24	43	22	17	80	171
Gain (loss) on sale of capital assets	-	7	-	-	-	(953)	-	-	-	-
Transfers	(662)	(1,260)	259	495	(354)	226	(810)	(919)	(723)	(1,322)
Total business-type activities	357	(555)	834	1,070	241	(211)	(788)	(902)	(643)	(1,088)
Total primary government	$ 43,531	$ 44,581	$ 45,606	$ 47,260	$ 47,856	$ 48,353	$ 52,092	$ 54,643	$ 60,410	$ 63,294
Change in Net Position:										
Governmental activities	$ 4,927	$ 1,985	$ (1,083)	$ 894	$ 1,025	$ (26)	$ 15,551	$ 17,144	$ 11,619	$ 3,886
Business-type activities	6,234	5,906	5,375	8,468	6,224	7,938	5,763	7,677	11,924	9,903
Total primary government	$ 11,161	$ 7,891	$ 4,292	$ 9,362	$ 7,249	$ 7,912	$ 21,314	$ 24,821	$ 23,543	$ 13,789

In 2009, Certain expenses were reclassified from general government to public works.

City of Mansfield, Texas
Governmental Activities Tax Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Mixed Drink Tax	Hotel/Motel Tax	Total
2008	26,606	10,582	2,849	105	253	40,395
2009	29,004	10,638	3,048	126	387	43,203
2010	30,366	10,718	3,158	118	290	44,650
2011	30,514	10,894	3,514	120	419	45,461
2012	30,823	11,699	3,537	101	508	46,668
2013	31,389	12,196	3,477	107	551	47,720
2014	33,244	13,593	3,659	160	651	51,307
2015	35,307	14,564	3,821	174	717	54,583
2016	38,341	15,492	3,782	179	754	58,548
2017	41,700	16,200	3,640	189	755	62,484

City of Mansfield, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2008	2009	2010*	2011	2012	2013	2014	2015	2016	2017
General fund:										
Reserved	$ 49	$ 8	$ -	$ -	$ -	$ -	$ -	$ -	$ 10	$ -
Unreserved	4,329	7,179	-	-	-	-	-	-	-	
Nonspendable	-	-	6	5	34	10	-	-	-	
Assigned	-	-	-	-	650	-	-	-	-	
Unassigned	-	-	7,977	9,027	9,887	10,594	11,657	12,020	13,067	14,476
Total general fund	$ 4,378	$ 7,187	$ 7,983	$ 9,032	$ 10,571	$ 10,604	$ 11,657	$ 12,020	$ 13,077	$ 14,476
All other governmental funds:										
Reserved	$ 18,783	$ 22,441	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	1,857	2,315	-	-	-	-	-	-	-	-
Nonspendable	-	-	61	61	61	61	61	61	61	-
Restricted	-	-	15,789	16,789	16,838	15,176	28,068	32,473	28,663	30,914
Committed	-	-	2,891	3,224	3,273	2,691	3,219	3,709	9,996	4,086
Assigned	-	-	110	124	43	51	160	165	170	181
Total all other governmental funds	$ 20,640	$ 24,756	$ 18,851	$ 20,198	$ 20,215	$ 17,979	$ 31,508	$ 36,408	$ 38,890	$ 35,181

* City implemented GASB Statement No. 54 in Fiscal Year 2010

City of Mansfield, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	$ 40,297	$ 43,208	$ 44,650	$ 45,343	$ 46,546	$ 47,696	$ 51,372	$ 54,495	$ 58,351	$ 62,484
Licenses and permits	1,598	1,118	1,750	2,830	2,264	1,982	1,988	2,037	2,188	1,975
Intergovernmental	517	23	350	220	387	131	302	348	688	648
Charges for services	2,150	2,750	3,075	3,165	3,723	4,594	4,769	5,058	5,178	5,772
Fines	968	1,046	1,261	1,561	1,746	2,645	2,305	2,552	2,106	1,973
Interest	1,298	148	2	4	16	32	24	27	113	230
Contributions and donations	2,153	432	777	57	54	56	6,546	209	79	44
Impact fees	2,226	1,305	971	1,509	1,267	1,777	1,935	2,291	2,164	2,495
Miscellaneous	2,582	2,717	422	327	1,365	1,299	3,728	2,294	2,420	1,487
Total revenues	$ 53,789	$ 52,747	$ 53,258	$ 55,016	$ 57,368	$ 60,212	$ 72,969	$ 69,311	$ 73,287	$ 77,108
Expenditures										
General government	9,061	6,013	5,504	5,519	5,991	7,507	10,461	11,627	11,413	12,976
Public safety	17,672	19,159	19,370	20,513	21,836	23,279	25,417	27,020	29,351	30,605
Public works	2,644	5,559	4,858	4,724	5,161	4,868	3,388	3,603	4,066	4,244
Culture and recreation	5,432	6,118	6,303	6,206	6,941	6,295	6,660	6,375	7,441	8,109
Capital outlay	24,157	13,572	9,552	6,141	10,138	13,738	18,037	21,075	38,211	39,520
Debt Service:										
Principal	5,770	6,165	6,930	7,200	7,950	7,875	8,680	8,255	15,055	9,855
Interest	5,161	5,343	5,474	5,057	4,581	4,362	4,348	4,553	6,996	6,121
Fiscal charges	-	-	14	16	600	176	154	708	17	20
Bond issuance cost	414	365	2	288	415	246	256	299	744	440
Total expenditures	70,311	62,294	58,007	55,664	63,613	68,346	77,401	83,515	113,294	111,890
Excess of revenues over (under) expenditures	(16,522)	(9,547)	(4,749)	(648)	(6,245)	(8,134)	(4,432)	(14,204)	(40,007)	(34,782)

Transfers-in	9,450	1,016	925	1,223	777	2,289	876	1,943	5,390	3,196
Transfers-out	(8,307)	(103)	(1,185)	(1,781)	(423)	(2,515)	(65)	(1,024)	(4,667)	(1,636)
Sale of city property	2	11	-	34	37	314	54	89	2,130	55
Operating Lease	-	-	-	373	-	-	-	-	-	-
Refunding bonds issued	-	10,400	-	9,730	10,850	7,080	6,710	11,700	17,305	-
Bonds issued	14,645	15,435	-	3,090	6,490	5,335	17,755	15,870	36,760	30,230
Premium on bonds issued	101	218	-	185	367	932	450	3,997	4,987	697
Discounts on bonds issued	(164)	(220)	-	(58)	(112)	(84)	(156)	(169)	(338)	(71)
Payment to refunded bond escrow agent	-	(10,385)	-	(9,749)	(10,185)	(7,420)	(6,610)	(12,940)	(18,025)	-
Total other financing sources (uses)	15,727	16,372	(260)	3,047	7,801	5,931	19,014	19,466	43,542	32,471
Net change in fund balances	$ (795)	$ 6,825	$ (5,009)	$ 2,399	$ 1,556	$ (2,203)	$ 14,582	$ 5,262	$ 3,535	$ (2,311)
Debt service as a percentage of non-capital expenditures	23.7%	23.6%	25.6%	24.8%	23.4%	22.4%	21.9%	20.5%	29.4%	22.1%

City of Mansfield, Texas
General Governmental Tax Revenue By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel/Motel Tax	Mixed Drink	Total
2008	26,507	10,582	2,850	253	105	40,297
2009	29,100	10,639	3,048	295	126	43,208
2010	30,365	10,718	3,159	290	118	44,650
2011	30,514	10,894	3,515	300	120	45,343
2012	30,700	11,700	3,537	508	101	46,546
2013	31,365	12,196	3,477	551	107	47,696
2014	33,309	13,593	3,659	160	651	51,372
2015	35,219	14,564	3,821	717	174	54,495
2016	38,144	15,492	3,782	754	179	58,351
2017	41,700	16,200	3,640	755	189	62,484

City of Mansfield, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended September 30	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2008	3,728,211,159	451,982,835	349,439,672	3,830,754,322	0.69
2009	4,085,602,544	403,228,962	390,079,518	4,098,751,988	0.71
2010	4,096,767,192	502,804,565	489,765,181	4,109,806,576	0.71
2011	3,922,110,419	500,107,757	395,212,412	4,027,005,764	0.71
2012	4,366,636,631	510,514,153	480,454,086	4,396,696,698	0.71
2013	4,404,361,995	640,695,688	555,442,336	4,489,615,347	0.71
2014	4,512,982,547	632,347,276	494,913,889	4,650,415,934	0.71
2015	4,766,391,748	733,418,283	542,289,028	4,957,521,003	0.71
2016	4,978,279,317	722,052,786	413,405,008	5,286,927,095	0.71
2017	5,386,325,190	940,503,204	413,190,727	5,913,637,667	0.71

Source: Tarrant Appraisal District, Johnson Appriasal District, and Ellis County Appraisal District

City of Mansfield, Texas
Property Tax Rates
Direct and Overlapping[1] Governments
Last Ten Fiscal Years

	City of Mansfield, Texas			Overlapping Rates							
				Counties[1]			School District				Total
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts	Direct and Overlapping Rates
2008	0.410	0.280	0.690	0.834	0.150	0.984	1.040	0.410	1.450	0.402	3.526
2009	0.486	0.224	0.710	0.865	0.113	0.978	1.040	0.410	1.450	0.386	3.524
2010	0.444	0.266	0.710	0.841	0.112	0.953	1.040	0.456	1.496	0.386	3.545
2011	0.457	0.253	0.710	0.843	0.109	0.952	1.040	0.456	1.496	0.397	3.555
2012	0.454	0.256	0.710	0.816	0.161	0.977	1.040	0.500	1.540	0.397	3.624
2013	0.451	0.259	0.710	0.914	0.101	1.015	1.040	0.500	1.540	0.397	3.662
2014	0.463	0.248	0.710	0.937	0.112	1.049	1.040	0.487	1.527	0.397	3.683
2015	0.471	0.239	0.710	0.943	0.107	1.049	1.040	0.487	1.527	0.377	3.664
2016	0.468	0.242	0.710	0.945	0.107	1.052	1.040	0.470	1.510	0.397	3.669
2017	0.471	0.239	0.710	1.028	0.835	1.863	1.040	0.470	1.510	0.392	4.475

[1] Overlapping rates are those of local and county governments that apply to property owners within the City of Mansfield, Texas. Not all overlapping rates apply to all City of Mansfield, Texas property owners (e.g., the rates for the special districts and counties apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district and county. The City of Mansfield, Texas is located within three separate counties, Tarrant, Johnson, and Ellis.)

Source:
Tarrant County Apprasial District
Ellis County Apprasial District
Johnson County Appraisal District

City of Mansfield, Texas
Principal Property Taxpayers
As of September 30, 2017
(amounts expressed in thousands)

	2017			2008		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Mouser Electronics	$ 308,115,186	1	5.21%			
Advenir @ Mansfield LLC	68,899,035	2	1.17%			
Mid-America Apartments LP	62,700,000	3	1.06%			
Mansfield KDC III LP Etal	59,728,936	4	1.01%	26,804,466	2	0.73%
Wal-Mart Stores Inc.	41,273,765	5	0.70%	26,300,137	3	0.72%
Sir Mansfield Landing LLC	35,280,000	6	0.60%			
Oncor Electric Delivery Co	32,393,842	7	0.55%	30,076,171	1	0.82%
T Villas Di Lucca TX LLC	30,200,000	8	0.51%			
Apartment Reit Towne Crossing	29,900,000	9	0.51%	21,600,000	6	0.59%
CHP Watercrest at Mansfield	25,800,000	10	0.44%			
Methodist Hospitals	-		-	25,986,773	4	0.71%
Falls at Towne Crossing	-		-	23,500,000	5	0.64%
Pier One Imports of Texas	-		-	20,740,207	7	0.57%
Spyglass of Mansfield Ltd.	-		-	20,331,105	8	0.55%
Range Productions	-		-	17,812,800	9	0.49%
Mansfield Commons Ltd.	-		-	17,139,509	10	0.47%
Total	$ 694,290,764		11.76%	$ 230,291,168		6.29%

Source: Tarrant Appraisal District

City of Mansfield, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Prior Years [1]	Total Collections to Date	Accumulated Deliquent Taxes	
		Amount	Percentage of Levy		Amount		Percentage of Levy
2008	26,425	25,870	97.9%	435	26,305	35	99.5%
2009	29,289	29,100	99.35%	420	29,520	59	100.8%
2010	30,541	30,159	98.75%	421	30,580	48	100.1%
2011	30,380	30,093	99.06%	452	30,545	61	100.5%
2012	31,049	30,709	98.90%	289	30,998	69	99.8%
2013	31,578	31,353	99.29%	262	31,615	120	100.1%
2014	32,910	32,698	99.36%	260	32,958	85	100.1%
2015	34,735	34,642	99.73%	110	34,752	(30)	100.0%
2016	37,715	37,348	99.03%	151	37,499	367	99.4%
2017	42,579	41,412	97.26%	-	41,412	290	97.3%

(1) - Information was not available from Tarrant Appraisal District for collections in subsequent years. Thus, the amount shown is actual delinquent property taxes collected during the fiscal year.

City of Mansfield, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

	Governmental Activities		Business-Type Activities					
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Water/Sewer Revenue Bonds	Drainage Utility Revenue Bonds	Certificate Obligation Bonds	Total Primary Government	Percentage of Personal Income[1]	Per Capita
2008	91,825	15,630	30,560	6,470	3,715	148,200	8.70%	2,565
2009	102,235	14,780	54,350	6,195	3,350	180,910	10.62%	3,089
2010	96,195	13,890	54,090	5,910	2,960	173,045	9.96%	2,936
2011	93,210	12,965	56,840	5,615	2,535	171,165	10.03%	2,955
2012	93,200	12,180	56,405	5,465	2,090	169,340	10.00%	2,945
2013	91,070	11,430	52,705	5,105	1,625	161,935	9.67%	2,848
2014	101,030	10,645	48,885	4,735	1,135	166,430	9.94%	2,928
2015[2]	119,774	9,784	45,874	4,377	1,467	181,276	9.88%	2,912
2016[2]	129,788	25,098	51,339	3,985	1,581	211,791	11.55%	3,402
2017[2]	136,095	33,170	46,155	3,970	630	220,020	12.00%	3,535

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See the schedule of demographic and economic statistics on page 103 for personal income and population data.

[2] Amount represents total outstanding debt net of premiums, discounts and adjustments

City of Mansfield, Texas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2008	91,825	2,307	89,518	2.43%	1,567
2009	102,235	1,064	101,171	2.47%	1,742
2010	96,195	1,207	94,988	2.31%	1,611
2011	93,210	902	92,308	2.29%	1,566
2012	93,200	669	92,531	2.10%	1,609
2013	91,070	596	90,474	2.06%	1,574
2014	101,030	856	100,174	2.28%	1,742
2015[1]	119,774	726	119,048	2.24%	1,913
2016[1]	129,788	483	129,305	2.16%	2,044
2017[1]	136,095	623	135,472	2.27%	2,142

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1] Amount represents total outstanding debt net of premiums, discounts and adjustments

City of Mansfield, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2017
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Mansfield Independent School District	$ 764,415,000	46.43%	$354,917,885
Midlothian Independent School District	231,874,270	9.58%	22,213,555
Johnson County	31,860,000	2.27%	723,222
Ellis County	44,796,315	0.12%	53,756
Tarrant County	361,420,000	3.54%	12,794,268
Tarrant County Hospital District	22,335,000	3.54%	790,659
Subtotal, overlapping debt			391,493,345
City of Mansfield, Texas direct debt			128,310,000
Total direct and overlapping debt			$519,803,345

Sources:
FSC Disclosure Services (Division of Hilltop Securities)

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Mansfield, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

City of Mansfield, Texas
Legal Debt Margin Information
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Annual Debt Limit	$ 61,481,280	$ 61,481,280	$ 61,647,099	$ 60,405,087	$65,950,450	$67,344,230	$69,756,239	$ 74,362,815	$79,303,906	$88,704,565
Total net debt payment applicable to limit	11,461,010	12,074,192	12,971,729	12,825,195	13,101,663	12,957,138	13,604,515	12,115,455	12,597,832	13,876,442
Legal debt margin	$50,020,270	$49,407,088	$48,675,370	$ 47,579,892	$52,848,787	$54,387,092	$ 56,151,724	$62,247,360	$66,706,074	$ 74,828,123
Total net debt applicable to the limit as a percentage of debt limit	18.64%	19.64%	21.04%	21.23%	19.87%	19.24%	19.50%	16.29%	15.89%	15.64%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value	$	5,913,637,667
Debt limit ($1.50 of assessed value)		88,704,565
Annual Debt Payments applicable to limit:		
General obligation bonds		13,876,442
Annual legal debt margin	$	74,828,123

The City Charter of the City of Mansfield, Texas and the statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 of assessed valuation. The Attorney General of the State of Texas has further defined the debt limit of applicable cities to be a $1.50 per $100 of assessed valuation.

City of Mansfield, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

	Water and Sewer Revenue Bonds						Drainage Revenue Bonds					
Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2008	19,105,084	10,461,808	8,643,276	3,255,000	1,292,141	1.90	1,200,862	462,402	738,460	270,000	281,721	1.34
2009	21,151,621	11,916,708	9,234,913	2,395,000	2,195,165	2.01	1,317,815	561,370	756,445	275,000	273,753	1.38
2010	21,158,866	11,543,411	9,615,455	2,845,000	2,680,830	1.74	1,202,606	491,966	710,640	285,000	264,753	1.29
2011	26,398,502	12,445,314	13,953,188	3,600,000	2,711,369	2.21	1,354,035	484,436	869,599	295,000	254,890	1.58
2012	25,681,367	14,034,447	11,646,920	3,600,000	2,705,582	1.85	1,260,527	503,105	757,422	385,000	138,398	1.45
2013	28,220,877	14,288,287	13,932,590	3,700,000	2,611,729	2.21	1,807,772	797,607	1,010,165	360,000	165,670	1.92
2014	27,654,657	16,744,588	10,910,069	3,820,000	2,493,316	1.73	1,582,812	1,084,682	498,130	370,000	156,670	0.95
2015	30,093,927	17,096,059	12,997,868	4,095,000	2,183,331	2.07	1,761,901	863,088	898,813	375,000	147,370	1.72
2016	33,041,557	19,041,197	14,000,360	4,380,000	1,701,278	2.30	2,288,699	864,112	1,424,587	390,000	137,970	2.70
2017	35,144,144	20,050,464	15,093,680	4,020,000	2,039,234	2.49	2,494,146	922,507	1,571,639	400,000	128,170	2.98

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.
Charges and other include investment earnings. Operating expenses do not include interest or depreciation.

City of Mansfield, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population[1]	Personal Income (amounts expressed in thousands)	Per Capita Personal Income[2]	Median Age[2]	School Enrollment[3]	Unemployment Rate[4]
2008	53,200	1,576,745	29,638	31.80	29,324	4.4
2009	55,950	1,481,466	26,478	31.80	31,680	7.2
2010	56,368	1,492,534	26,478	31.80	31,226	7.1
2011	56,850	1,505,296	26,478	31.80	32,638	6.5
2012	57,494	1,704,065	29,639	32.06	32,577	6.0
2013	60,374	1,784,305	29,554	32.30	32,732	4.9
2014	62,377	1,990,893	31,917	32.30	32,778	5.1
2015	64,688	2,064,653	31,917	32.30	33,394	5.1
2016	67,628	2,158,489	31,917	35.50	33,809	4.0
2017	68,784	2,456,809	35,718	35.20	33,809	4.5

[1]Estimated Population - City's Planning Department - The City has revised its population estimates for the previous three yea
[2]Mansfield Economic Development Corporation
[3]Mansfield Independent School District
[4]Texas Workforce Commission

City of Mansfield, Texas
Principal Employers
Current Year and Ten Years Ago

	2017			2008		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mansfield Independent School District	4,197	1	6.10%	4,000	1	7.52%
Mouser Electronics	1,700	2	2.47%	432	4	0.81%
Methodist Mansfield Medical Center	1,240	3	1.80%			0.00%
City of Mansfield, Texas	544	4	0.79%	503	3	0.95%
SJ Louis Construction of TX	450	5	0.65%	180	9	0.34%
Walmart	400	6	0.58%	600	2	1.13%
Klein Tools	395	7	0.57%			0.00%
Kroger	320	8	0.47%			0.00%
Pier 1 Distribution Center	300	9	0.44%			0.00%
Hoffman Cabinets	260	10	0.38%			0.00%
Simeus Food International			0.00%	265	5	0.50%
Solvay Engineered Polymers				204	6	0.38%
Best Buy				180	7	0.34%
On the Border				180	8	0.34%
Trinity Forge				165	10	0.31%
	9,806		14.25%	6,709		12.6%

City of Mansfield, Texas
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
General Government	30	30	30	30	31	31	31	31	30	30
Public Safety:										
Police	115	114	114	113	115	121	126	129	132	134
Fire	81	81	81	81	83	83	83	83	83	86
Public Works	52	56	56	58	57	57	56	55	58	58
Culture and Recreation	62	56	56	56	55	55	63	65	65	68
Water and Sewer	52	52	52	52	52	52	51	51	51	53
Law Enforcement Center	113	113	113	114	109	109	111	111	111	111
Drainage Utility	3	3	3	3	3	3	3	3	3	4
Total	508	505	505	507	505	511	524	528	533	544

Source: City Budget Office

City of Mansfield, Texas
Operating Indicators by Function
Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Physical arrests	2,385	2,821	3,050	3,050	2,236	1,646	2,171	2,641	2,107	2,700
Accidents	852	751	825	837	837	909	861	820	936	1,210
Traffic violations	7,886	8,280	7,638	9,579	10,537	10,571	9,926	8,500	9,086	8,019
Fire:										
Number of calls answered	7,848	7,121	7,103	7,084	7,110	7,911	8,704	8,625	9,538	9,643
Inspections	1,254	1,886	1,998	2,305	2,850	2,008	2,850	3,125	3,100	2,917
Public Works:										
Street resurfacing (miles)	2.5	2.0	2.1	2.0	2.2	2.2	2.2	2.2	2.0	4.0
Asphalt overlays (square feet)	42,971	42,971	42,971	42,971	42,971	42,971	42,971	42,980	42,000	44,805
Culture and recreation:										
Sports association participants	14,700	13,800	9,086	7,235	7,445	7,235	7,770	7,950	7,950	7,950
MAC rentals	600	540	660	660	660	540	600	700	650	650
Water:										
New connections	469	400	300	255	343	419	333	465	485	484
Water main breaks	80	87	39	76	61	66	48	48	40	55
Average daily consumption (thousands of gallons)	9,771	9,937	8,987	11,793	11,944	10,667	9,278	9,657	9,994	9,994
Sewer:										
Average daily sewage treatment (thousands of gallons)	5,179	5,529	5,717	5,167	5,984	5,450	5,156	5,964	4,818	5,898
Public Safety:										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	54	54	55	52	44	42	42	43	43	44
Fire stations	3	4	4	4	4	4	4	4	4	4

Public Works:										
Streets miles maintained	245	245	245	243	242	242	248	248	410	450
Miles of water and sewer lines	539	539	559	534	553	554	538	577	632	585
Calls for service	3,880	4,200	3,885	5,710	4,700	4,700	4,820	4,105	4,500	4,550
Culture and recreation:										
Parks acreage	738	755	738	760	738	738	830	830	858	883
Parks	12	12	12	13	13	13	14	15	16	16
Tennis courts	1	1	1	1	1	1	1	1	1	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	268	268	296	287	292	296	292	310	325	330
Fire hydrants*	2,201	2,201	2,207	2,207	2,207	2,207	2,207	1,250	2,439	2,460
Maximum daily capacity (thousands of gallons)	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Sewer:										
Sanitary sewer mains (miles)	282	286	296	257	261	261	264	267	307	314
Sewer lines repairs	83	54	43	23	23	64	26	25	25	17
Maximum daily treatment capacity (thousands of gallons)	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Law Enforcement Center: @										
Average Daily Inmate Population	-	-	225	213	192	242	410	365	378	400
Average Daily Meals Served	-	-	675	639	576	726	1,230	1,095	1,134	1,200
Drainage Utility: #										
Vegetation Control (acres)	-	-	-	-	56	56	56	56	56	56
Ditch & Channel Maintenance (miles)	-	-	-	-	11	13	13	13	13	2
Box Culverts Cleaned (feet)	-	-	-	-	10,072	10,072	10,072	10,500	10,500	40,715

Source: City Budget Office

(-) indicates that the information was not available.

*Updated 2008 GIS system.

@ - Implemented Fiscal Year 2010

- Implemented Fiscal Year 2012

MANSFIELD
TEXAS